



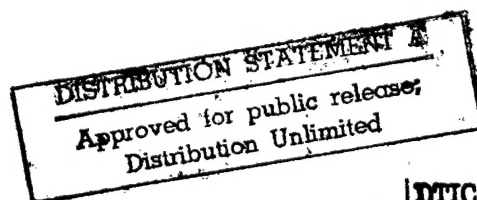
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# ***JPRS Report***

## **East Asia**

### ***Southeast Asia***

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# Southeast Asia

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6 October 1992

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## POLITICAL

### Profile of Major General Wismoyo Arismunandar

#### Career

92SE0347A Jakarta EDITOR in Indonesian  
1 Aug 92 p 33

[Excerpt] [Passage omitted] He is the general predicted to be the future leader of ABRI [Indonesian Armed Forces]. This appears even more likely now that, according to one source, he has been appointed WAKASAD [deputy chief of Army Staff] in the place of Sahala Rajagukguk. When contacted Thursday [23 July], Wismoyo gave the brief reply, "No comment." He then said, laughing, "If you want to talk about sports, fine."

Born in Bondowoso, East Java, on 10 February 1940, he is a senior officer who has served at both troop and territorial levels. From the beginning of his career, he has been involved in various national security operations, including the G-30-S/PKI [30 September Movement/Indonesian Communist Party] and actions against other separatist groups. He has also been military region commander in two places.

A graduate of the AMN [National Military Academy] (1963), Wismoyo's childhood ambition was to be a soldier. After graduation from the academy, he entered the RPKAD [Army Para Commando Regiment]. In that elite force, he began his career as a platoon commander in the Third Battalion (1965). From 1966 to 1968, he was commander of the President's Personal Guard. He then returned to the red berets, where he rose to commanding general of KOPASSANDHA [Special Forces Command] (1983-1985). Following that, he became KASDAM [Military Region chief of staff] for KODAM [Military Region Command] IX/Udayana, Bali (1985). His career continued to soar. He was appointed PANGDAM [commander of Military Region] VIII/Trikora (1987). Before becoming PANGKOSTRAD [commander of Army Strategic Command] (1990), Wismoyo, who is a lover of contact sports, served as PANGDAM IV/Diponegoro. [passage omitted]

#### Personality

92SE0347A Jakarta SUARA KARYA in Indonesian  
28 Jul 92 pp 1, 8

[Text] Jakarta—One's first impression is that Wismoyo Arismunandar, a son of Bondowoso, East Java, is intimidating and unfriendly. Such an impression is understandable, considering his businesslike appearance and speech and his striking military bearing.

He is Major General Wismoyo Arismunandar, who Wednesday morning [29 July] is to be installed as WAKASAD, to stand beside KASAD [chief of Army Staff] General Edi Sudrajat. This means that the position of PANGKOSTRAD, which he still holds today, will be immediately filled by a new person, Brigadier General Kuntara, who is now DAN KOPASSUS [commander of Special Forces Command].

Is Wismoyo intimidating? That impression disappears when we meet him and talk with him personally. For example, when a number of reporters visited MAKOSTRAD [Army Strategic Command Headquarters] Monday afternoon [27 July], Wismoyo, dressed in military regalia, greeted them warmly in the reception room.

It could be guessed that the reporters wanted to meet with him to get a little comment on his forthcoming assumption of the position of WAKASAD. Barraged with questions on his impressions while serving as PANGKOSTRAD and on his future as WAKASAD, Wismoyo tried to avoid commenting. This frustrated the reporters, for they realized that it was not easy to get such a chance to meet with him in this way.

While Wismoyo has a strategy of warfare, reporters have strategies for opening mouths. Eventually, they began asking a variety of questions, and Wismoyo, who is also general chairman of the Executive Board of the All-Indonesia Judo Association, was hooked into commenting on his "recipe" for success in the military.

Wismoyo was born on 10 February 1940. After graduating in the Fourth Class of the AMN in Magelang in 1963, his military career skyrocketed.

His military posts included commander of Group I of the Army Sandi Yudha Forces Command (now KOPASSUS), which he held until 1983. That rocketed Wismoyo into the number-one spot of the Army red berets until 1985.

He was active in stamping out the G-30-S/PKI in West and Central Java in 1965 and 1966 and was commander of President Suharto's Personal Guard from 1966 to 1968. In 1985, he became KASDAM IX/Udayana, a post he held until 1987. He was transferred to become PANGDAM VIII/Trikora, which then led him to the post of Army PANGKOSTRAD. Tomorrow, he will become WAKASAD.

Wismoyo, a lover of judo, karate, and boxing, said his recipe for a military career is "to do one's best for the people and the state." He says he is very happy when he makes others happy. To do that, he said, he always has to establish camaraderie with his men. He said he realizes that without camaraderie, the KOSTRAD organization that he leads would suffer. This is what he calls being of "one spirit."

As a leader, Wismoyo said, he must lead people to submit, obey, and follow orders with enthusiasm and confidence.

Speaking candidly with a thick East Java accent, Wismoyo said that the basic thing a leader must do is to create harmonious relations between the leader and his men. "That is the essence," Wismoyo said.

He said that a leader who cannot create solidarity has begun to fail and will never be acknowledged as a leader. Such a person has only muscle.

When asked about his appointment as WAKASAD, he said firmly, "I swear I never had any ambition to become WAKASAD."

"Lord, give me the best for the nation, for ABRI, for the people, for my family, and for my wife. If I should stay at KOSTRAD and not be promoted, do not let the promotion come about," was Wismoyo's prayer.

He said what has happened to him has been for the best. Because the WAKASAD assignment was made because of confidence and respect, he will accept the responsibility. He said his prayer is, "Lord, guide me." A special mark of Wismoyo's leadership is his effort to interest and please people. Such solidarity is both expensive and strong, for it makes a person willing to die in doing his duty.

What about ABRI's ties with the community, a reporter asked. Wismoyo said we must view them from the aspect of the ABRI doctrine of SISHANKAMRATA [expansion not given]. A war for the nation is a war for the entire nation. He looks on the doctrine as special and says we will respond to the demands of our common life and to our national demand that we remain undivided in our unity and integrity. Liberty must not in any way interfere with national unity.

"Demonstrations pretending democracy and openness are not part of the struggle, for using openness as an excuse they disrupt unity and cause division," Wismoyo declared.

He said that although we must have openness, it must be done in the right way, for we have our own identity.

**'Political Culture' Hindrance To Seeking Office**  
92SE0324B Jakarta KOMPAS in Indonesian 7 Jul 92  
pp 1, 10

[Text] Jakarta (KOMPAS)—Minister of Home Affairs Rudini believes the republic's political culture, especially among the Javanese, still deters people from declaring themselves as candidates for president or vice president. Such action is still considered taboo.

"The 1945 Constitution guarantees that each person is free to express opinion. The 'market' for presidential and vice presidential candidates is there, but people do not dare to declare themselves. They are only bold enough to whisper. Why? Consider it our political culture. Society, particularly the Javanese community, is not there yet. It is still taboo to do that in our political culture," said Rudini in response to a reporter's question after attending a working meeting with DPR [Parliament] Commission II in Jakarta Monday [6 July].

A reporter asked about the lack of people willing to run for president and vice president, although, the reporter said, it is known that as the 1993 MPR [People's Consultative Council] General Assembly approaches many people want the top government positions.

What is happening is that others nominate a person for a position, as the Development Unity Party (PPP) did in renominating General, retired, Suharto. Yahya Nasution, a leader of the Indonesian Democratic Party (PDI), nominated General, retired, Rudini; and the Islamic Students Communications Forum of Jakarta nominated General,

retired, M. Yusuf for president. PDI Secretary-General Nico Daryanto nominated General Try Sutrisno for vice president.

#### No One Arrested

"It is like a person wanting to sing. Rarely is there a person who says directly that he wants to sing. One may merely dare to write on a slip of paper that he wants to sing. Thus, it is still just whispering," Rudini said.

Is this because people are afraid of the risk? Rudini denied that with a question of his own: "Afraid of whom?" He said the authorities are not going to arrest someone for expressing an opinion, even the name of a presidential candidate, for such action would have no legal basis.

Rudini reiterated, however, that the mechanism for electing the president already exists: the MPR General Assembly. He said, too, that a person should know his abilities before declaring his candidacy. He must know that he is acceptable and capable, has leadership skills, and is recognized by the people.

Rudini said many people have declared their candidacy for posts of governor and below. "There has been a breakthrough in that regard," Rudini asserted.

According to Rudini, the political culture that makes it taboo to declare one's own candidacy for president and vice president can be eliminated. He expressed his hope that this taboo will disappear as a spirit of openness prevails. "Let us watch the MPR General Assembly," he added.

In reply to a question, Rudini also said the president and vice president do not necessarily have to be Javanese, since there is no such law. "He can be a Madurese or a Buginese; it does not matter. The important thing is that he must have experience. Of course, that does not mean he must have experience as president. A president naturally cannot have had prior experience as president," Rudini said as reporters laughed.

"He must know his own abilities. If his leadership is acceptable only to one neighborhood association, he should not declare himself a candidate," Rudini declared.

#### Governor Appointed by President

During the working meeting with DPR Commission II, Salvador J. Ximenes Soares (GOLKAR Faction) asked when governors will be appointed directly by the president, consistent with the planned elimination of the provincial/first level DPRD's [regional legislatures]. Rudini said he hopes it will take place after the 1993 MPR General Assembly.

The elimination of provincial DPRD's, as proposed by Minister of Home Affairs Rudini, will be a consequence of emphasizing regency/second level autonomy. Efficiency is one of the reasons for this. Experts have discussed and drafted an outline for follow-up steps to Rudini's proposal. Their conclusions have been entered into the draft GBHN [Broad Outline of State Policy] for 1993.

"Just wait for the outcome of the 1993 MPR General Assembly. If the MPR wants to amend Law No. 5/1974 on regional government, the concept can be implemented immediately," he said.

Rudini warned, however, that before the concept is realized the issue of governors' being local sons should not be exaggerated. In maintaining unity and integrity, he said, the government acts on the principle of the Archipelago Concept.

"Thus, the people should not be taught that the governor must be a local son, but they should be instructed that the governor is selected because of capability and acceptability. Do not require him to be a local son, for that would contradict the Archipelago Concept," said Rudini, who alluded to the forthcoming selection of a governor for East Timor, where Mario Viegas Carrascalao will complete his term of office on 18 September 1992.

The minister of home affairs also said he hopes members of the second level DPRD's elected in 1992 will be self-sufficient in selecting their own regents through consultation among themselves, instead of asking for guidance from above.

He said, too, that a governor should not hesitate to transfer a successful regent to the same position elsewhere or to promote him to a higher post. "Do not be hardheaded about a regent's having two terms in office," the home minister said.

He also explained that the law does not divide up regional authority. There is merely a distribution of authority between the regional chief and the legislative body. "I say again that I hope the DPRD's elected this year will not feel they are the children of the regional chief," Rudini added.

Another DPR member asked about possible participation in the government by members of the OPP's (election participant organizations) and the possible formation of another OPP. Rudini said both issues are up to the MPR.

The minister again said that whether a member of the cabinet will come from an OPP is the prerogative of the president as MPR mandatary.

#### **Not 'White Group'**

In reply to Commission II questions about 1992 election matters, Rudini said there were 102,250,348 voters, or 95.05 percent of the 107,565,697 registered voters. There were 97,789,534 valid votes, or 90.91 percent of registered voters. Invalid votes totaled 4,460,814, or 4.14 percent of all registered voters.

There were various reasons for the invalid votes. Sometimes, more than one symbol was punched. Some had multiple punches outside the squares. Names were written on some ballots. In others, the punch used was not the one provided, or there was no punch at all.

There were 5,315,439 people, or 4.9 percent of registered voters, who did not exercise their right to vote. Their

reasons were varied: death, illness, moved elsewhere, traveling, ineligibility, late arrival at polling places, and causes that were not clear.

"There is no indication from this information that the nonvoters should be considered 'white group' [election boycotters]. If there were any 'white group,' their numbers were few. This is based on analysis of voting data, first-time voters, and rural voters not influenced by 'white group' people," Rudini said.

#### **Government Employees Warned To Report Personal Assets**

92SE0324A Jakarta KOMPAS in Indonesian 8 Jul 92  
pp 1, 10

[Text] Jakarta (KOMPAS)—Attorney General Singgih reminded all officials in Indonesia on Tuesday [7 July] that they must report their personal assets. Reports must be made once a year for evaluation by superiors. If this is done, early detection of criminal corruption will be more likely, and such criminal actions can be reduced.

This obligation is specified in an INPRES (presidential instruction) that applies to all government officials. "Corruption will be easier to detect if every government official reports his assets before taking a position. It is a presidential instruction and must be obeyed," he said in Jakarta in reply to questions from reporters.

According to KOMPAS records, the presidential decision that clearly requires every government official and employee and every member of ABRI [Indonesian Armed Forces] to report their personal assets is Presidential Decision No. 52 of 1970.

According to Singgih, reports submitted by officials at echelon three or lower will be evaluated by their superiors, and reports submitted by officials at echelon two and higher will be submitted to the president. When asked if there will be sanctions if an official does not report his assets, Singgih said, "Such an official would be hit by PP [Government Regulation] 30."

"Have any already been hit by PP No. 30/1980?" a reporter asked. "Many. I do not know the number precisely, but many have been affected," the attorney general answered.

In reply to a question about whether assets deposited overseas could be detected, he said, "How could we know? Banks have a right to keep their clients confidential. Dealing with bank secrecy is another matter," he stated.

According to regulations, banks may refuse on the grounds of confidentiality to give information about their clients. The only possible exception is a direct request from the attorney general.

#### **Admits Corruption**

Commenting on U.S. Ambassador John C. Monjo's statement about the extent of corruption in Indonesia, Singgih said the ambassador's statement was based only on rumors circulating in the community. It must be admitted, however, that corruption still exists in Indonesia. "We are not

closing our eyes to the fact that there is still corruption in Indonesia, but the size of it is on the decline. It must be remembered that we are consistent in our efforts to stop and prevent corruption," the attorney general said.

The U.S. ambassador had been quoted as saying the corruption problem in Indonesia is one factor that makes U.S. investors reluctant to invest their capital here.

Prevention of corruption, Singgih continued, is being accomplished through intensified oversight and through periodic coordination meetings between functional oversight agencies and law enforcement authorities, i.e., the police, prosecutors, and inspectors general. The prosecutors' intelligence units are also alert to early indications of criminal corruption.

Singgih also said that corruption is being prevented by selecting people of strong morals and integrity. People who are to manage large budgets and hold authority to issue licenses must be people with great integrity and dedication. The press asked whether John Monjo's remark was an indication that corruption is increasing in Indonesia. "No. I do not know about such indications. That was his own statement. The point is, we must try to stop corruption," Singgih said.

He emphasized that no country in the world is free of corruption. There is much corruption in the United States itself. Compared with that of the United States, ours is small. "Although small, however, anything called corruption must be eliminated," Attorney General Singgih said.

### **Environmental Group Concerned About Forest Depletion**

92SE0361B Jakarta *SUARA KARYA* in Indonesian  
31 Aug 92 p 4

[Text] Jakarta (SUARA KARYA)—A WALHI (Indonesian Environmental Association) study team concludes that HPH [forest exploitation concession] companies in East Kalimantan have not respected the principle of sustainability in their exploitation of forests. The team, which made their study over the period of one year, has also come to the conclusion that by the year 2013, HPH holders will have exploited all the forests in East Kalimantan.

"When we compare the potential volume of commercially exploitable wood from East Kalimantan forests with the rate at which cutting has been done over the last 20 years, we see that by 2013 all of the forests in East Kalimantan will have been cut down," said Triwahyudi of the Plasma LSM (community self-help group), which was a part of the WALHI study team. On Saturday [29 August] in Jakarta, Triwahyudi and another team member, Muayat Ali M., presented the results of their research on the role of HPH's in regional economic development in East Kalimantan.

### **108 Concessionaires**

Triwahyudi said that the opening of the forestry sector to domestic capital investment has brought a stream of applications for forest cutting concessions. As of 31 March 1991, there were 108 companies holding HPH's for a total

area of more than 13 million hectares, or an average of more than 111,000 hectares for each HPH.

According to the TGHK (Approved Forest Use Plan) promulgated in Minister of Agriculture Directive No. 24/KPTS/UM/I/1983, the total forest area of East Kalimantan is 21.4 million hectares, which includes 5.5 million acres of permanent production forests and 4.8 million hectares of limited production forests. According to REPPROT [expansion not given], which has revised the TGHK map, the total forest area of East Kalimantan is only 19.7 million hectares, while permanent production forests cover 0.9 million hectares and limited production forests 3.3 million hectares.

In that area of natural forest, the rate of natural growth, which varies greatly, is estimated to be 1.1 cubic meters of wood per hectare annually. Using this volume of wood derived from new growth and the area of East Kalimantan production forests identified in the REPPROT revision, the volume of such wood cut each year is calculated to be 4.7 million cubic meters. According to data from 1969-70 to 1990-91, average annual log production is more than 6 million cubic meters.

If log production from local production forests is an average of 0.5 million cubic meters per year, Triwahyudi continued, total average log production from East Kalimantan production forests is 5.5 million cubic meters. "Because the log production from production forests is greater than the volume cut from natural forests, the current exploitation of natural forests in East Kalimantan is not sustainable," Triwahyudi said.

At the same time, reforestation and enhanced replanting in East Kalimantan are falling far short of established targets. Reforestation and enhancement from 1984-85 to 1990-91 covered only 58,000 hectares, or 53.3 percent of the target of 109,000 hectares. This target represents 0.29 percent of the area cut by HPH holders, and the realized reforestation amounts to only 0.15 percent of the total area cut by HPH holders during that period.

### **Overlap**

The WALHI study team also said there is overlap between forest areas assigned to HPH holders and forests designated as protected or as wildlife sanctuaries. Of HPH areas in East Kalimantan in 1990-91, 3.4 million hectares (28.4 percent) were in permanent production areas, 4.6 million hectares (38.6 percent) in limited production forests, 2.9 million hectares (24.2 percent) in forest conservation areas, 990,200 hectares (8.1 percent) in protected forests, and 63,000 hectares (0.5 percent) in wildlife sanctuaries. Protected and conservation forests included in the HPH area amounted to 27.3 and 3.2 percent of the total protected forests and wildlife sanctuaries specified in the East Kalimantan TGHK.

The study also revealed that the TGHK map used as a basis for forest resource planning in East Kalimantan is not accurate. A REPPROT examination of the TGHK map found borders that were not consistent with borders

on a more accurate map. REPPROT recommended, therefore, that the borders be revised.

### Possible Changes in Parliament

#### New Chairman

92SE0336A Jakarta EDITOR in Indonesian 18 Jul 92  
pp 25, 26

[Article by Djoenaedy Siswo Pratikno: "Wahono or Hartas?"]

[Text] Who will replace M. Kharis Suhud as chairman of the next Indonesian DPR/MPR [Parliament/People's Consultative Council]? Several speculations are spreading, but two names are most prominent: Lieutenant General, retired, Wahono; and Lieutenant General Harsudiyono Hartas.

Wahono's name is often mentioned in connection with his position as general chairman of the GOLKAR [Functional Group] DPP [Central Executive Council]. One source says, "Following tradition, when a GOLKAR DPP general chairman completes his term, he is promoted to a higher position." The source cited Amir Moertono, who became deputy chairman of the DPR/MPR (1982-87), and Sudharmono (now vice president).

As the largest sociopolitical organization, GOLKAR has a very strong position for nominating the person to replace Kharis Suhud. Naturally, such a nomination would be discussed with the chief of state, who happens to be chairman of the GOLKAR Supervisory Council. It is logical to think that Wahono will be nominated.

Also, reports have long been heard among the DPR factions that Lt. Gen. Harsudiyono Hartas, chief of sociopolitical affairs for ABRI [Indonesian Armed Forces], will be nominated for the position. "I think he would be good. His thinking is progressive enough for the present political constellation. He also is a leader with integrity," said Soerjadi, general chairman of the PDI [Indonesian Democratic Party] DPP and DPR/MPR deputy chairman. One source says the nomination of Lt. Gen. Harsudiyono Hartas is being "mentioned" at ABRI Headquarters.

Nevertheless, none of the OPP's [election participant organizations] have officially discussed who their candidates will be for the DPR/MPR chairmanship. According to GOLKAR Secretary-General Rachmat Witoelar, GOLKAR has not formulated a method for nominating the next DPR/MPR leader. Jakob Tobing, a GOLKAR DPP member, said the same thing: "Clearly, our method is to find the most suitable person. He must accept the task of ensuring that GOLKAR's platform includes the development of democracy. Pak ['Father,' a term of respect] Wahono? Well, I do not know."

The pattern of making the PDI leader the DPR/MPR deputy chairman will apparently be followed. "It is proper that the general chairman of the party should be a leader in the state's highest institution. In that way, he can directly influence the legislative body," said Dimmy Haryanto, secretary-general of the PDI DPP. Another advantage is that the position facilitates contact and consultation with

other top-level institutions. "Such relationships are still needed in Indonesia," he added.

Dimmy said a chairman of a PDI DPD [regional executive council], for example, who does not become deputy chairman of the second level DPRD [regional legislature] will have problems if he wants to meet with the governor. It was for that reason that the PDI DPP instructed DPD's and DPC's [branch executive councils] that their chairmen should serve as deputy chairmen of the first and second level DPRD's. It can therefore be surmised that Soerjadi's name will reemerge as candidate for the next DPR/MPR.

What about the PPP [Development Unity Party]? "We do not have a specific method. There is no tradition that a party general chairman must hold a legislative leadership position. All of that is based on Providence and discussion," said Ismail Hasan Metareum, the party's general chairman.

The PDI's plan for the next MPR General Assembly is interesting. "We will propose that the leadership of the MPR and the DPR be separated," Dimmy Haryanto stated. As a high-level state institution, the DPR is actually subordinate to the MPR. "Because both have always had the same leader, however, the impression is given that the DPR is on a par with the supreme state institution (MPR)," he added.

This confusion has often made the DPR's position difficult. As lawmaker, for example, the DPR is on the same level as the president. Because the MPR is the supreme state institution, however, the MPR is above the president.

#### New Image

92SE0336A Jakarta EDITOR in Indonesian 18 Jul 92  
pp 26, 27

[Article by Riswandha Imawan, sociology and political science lecturer at Gadjah Mada University and holder of a political science doctorate from Northern Illinois University, under the "News Analysis" rubric: "Will the Image of Our Parliament Change?"]

[Text] There is a joke going around that could embarrass DPR members. It goes like this: Why did Srimulat, the famous clown troupe, leave the Senayan Complex? The answer is, because they were not as funny as the DPR members "on stage" in the complex next door.

This anecdote clearly expresses the public dissatisfaction with the DPR's performance. DPR members are said to have caught the "5-d" virus: arrive, sit, remain silent, listen, and get money [The Indonesian words all begin with the letter "d."] Why is the public dissatisfied? As a representative body, the DPR should be like a giant mirror. It is created by the people. Its composition and quality of work should reflect existing social realities. As society becomes more modern, educated, and critical, the composition and characteristics of DPR members should reflect those things. Ironically, as development programs have made the public more educated and critical in their thinking, DPR members appear to have become even more passive (according to Teguh Setyabudi, 1991).

Why has this come about? The problem is directly related to the political recruitment system we use. The people sitting in representative bodies do not truly reflect elements of society. They should represent the emotions and aspirations of the people they represent. In other words, there should be psychological ties between the representatives and the represented (Pitkin, 1957, p. 209; Sartori, 1968, pp. 466-467). These psychological ties cannot be formed in a short time, such as during a 25-day election campaign. Such ties are developed through a long process of evolution. They are created through an intensive interaction process in which both sides (the representatives and the represented) make input and mutually provide strength where there are weaknesses.

Whether we realize it or not, the political recruitment mechanism we have been using has created "half-baked" public leaders. They are "done" merely because they have been cooked with a string of theories, doctrines, and indoctrinations from their organizations. The fact is that they have not been involved directly with the dynamics of daily political life. They are considered "done" only because they are the sons of prominent figures. The problem is that the party elite who have the authority to put these "half-baked" leaders on the legislative candidate lists think the children will have the same qualities as their fathers. Such thinking is clearly naive.

This political recruitment mechanism of ours also places persons who do not understand the problems of regions to represent those regions. Just examine our final DPR candidate list, which has always been mostly urban oriented. Most of the candidates live in Jakarta, although some have been "assigned" to represent isolated regions. It is not certain that they visit their regions even once a month. They possibly do not subscribe to newspapers or magazines from their regions or have other sources of information. How, then, can they know the aspirations of the people they represent?

There are other things, too, that cause our DPR to be looked on as ineffective. Members are accused of not submitting any initiatives to the government. It is not that they are incapable of taking initiative; their environment that makes it unlikely. Just look at the rule for making an initiative.

The rule is that a proposed initiative must be supported by at least 20 members of the various factions. It must then be submitted to the DPR leadership with names, signatures, and the sponsors' factions. It is then taken to a meeting of the consultative board for a decision on whether it will be sent to a plenary session. In the plenary session, the sponsors are given a chance to explain their proposal to the factions. It will then be accepted or rejected. If it is accepted, the DPR leadership assigns it to a commission, a commission joint meeting, or a special committee for revision before being submitted to the president. The proposal is discussed with the president (i.e., with cabinet ministers) before a decision is made to accept or reject it.

Thus, we see that the positive aspect of deliberation and consensus is the resolution of differences of opinion that

may arise between the government and the DPR without having to expose those differences to the public. The negative aspect is that the process is too long and drawn out. Consequently, material often becomes out of date and no longer suitable for consideration.

Remarkably, this rule was made by DPR members themselves. In other words, our DPR members have shackled their own feet.

Now, following the 1992 general election, will our DPR be better and livelier? GOLKAR [Functional Group] lost 17 seats. One seat was captured by the PPP, while the other 16 were taken wholesale by the PDI. New leaders will emerge, and there will be fresh blood and tremendous ideas. Dr. Sri Bintang Pamungkas will be there. Guruh Sukarno Putra will also be there, supported by PDI research and development under the command of Kwik Kian Gie. Agung Laksono will be there, too.

Looking at the age makeup and educational background of the members at Senayan, one feels there is no need to be pessimistic about the work of the DPR created by the 1992 elections. We must admit that, from these two aspects, the quality of this DPR is better than that of the previous one.

Unfortunately, however, they are like "Cinderella." They became prominent in just a brief moment during the election campaign. Also, they will be working in the same environment. This makes the public still wonder if these new people can improve the quality of the DPR.

I am optimistic. With the advances made by society and the greater stability of our political mechanism, the DPR will tend to perform its function as supervisor of government operations. This performance will be better if DPR members will reconsider the rules that shackle their feet and free themselves from those rules. Since most of the members are middle-class and higher, it is likely they will follow the dynamics of their regions through subscriptions to papers and magazines from those regions they represent. We hope they will not be stingy or will have debts to pay because of having been "compelled" to pay for being nominated.

### Challenges for Next Presidential Term Enumerated

92SE0324C Jakarta SUARA KARYA in Indonesian  
16 Jul 92 pp 1, 11

[Text] Jakarta (SUARA KARYA)—The president's adviser on P-4 [implementation of Pancasila] predicts that if the president is reelected as president/MPR mandatary, Pak Harto [President Suharto] will face stiff challenges, both external and internal.

Ruslan Abdulgani, chief of the P-7 [Presidential Adviser on Implementation of Pancasila] Team, said this to reporters Wednesday [15 July] after consulting with the president at his residence on Cendana Street.

Ruslan said the P-7 Team has received many questions from within Indonesia and from abroad about Indonesia's future. People on the outside believe the P-7 can contact Pak Harto directly. The P-7 Team is now examining the

positive and negative factors from within the country and from overseas that could affect the Indonesian president in the future.

The P-7 Team is studying the impact of globalization on the next five years. "Since the general elections, there have been domestic and foreign developments, and we have drafted a five-year projection and have submitted it to Pak Harto," Ruslan Abdulgani said.

The president also asked the P-7 team to think about things that should be considered at the Nonaligned Summit Conference in September. Ruslan Abdulgani said the Nonaligned Ministerial Conference in Bali was quite successful and that we should now proceed with applying Pancasila ideology as was proposed at the 1955 Bandung Conference and with restoring the Nonaligned Movement under current changing conditions. "This matter has been discussed in depth with Pak Harto, who has several ideas for the foreign minister and the national committee. These will be used as seminar materials for dealing with relevant issues," he said.

#### Great Ideologies

Ruslan Abdulgani said the great ideologies of the world are beginning to shift, and some have even collapsed. Soviet Communism is an example of an ideology that has collapsed, and capitalism, which emerged in England, is shifting toward socialism.

These shifts are interesting to Indonesia, prompting the president recently to send the P-7 Team for firsthand observation in London and Beijing. The London team was headed by Ruslan Abdulgani, and the one to Beijing was led by G.P.H. Djatikusumo, who died on 1 July.

The results of the teams' research were submitted yesterday to the president. According to Ruslan Abdulgani, capitalism in the West is now absorbing socialistic principles. Similarly, socialism is no longer pure, because it has absorbed capitalistic principles.

During discussions he had in London, Ruslan Abdulgani received many questions about Pancasila ideology. "They told me that Indonesians are fortunate to have eliminated communism in 1965," Ruslan Abdulgani said.

Djatikusumo completed his report on the Beijing trip before his death. While there, he had opportunity to meet with President Yang Shangkun, whom he diplomatically reminded that the PRC should not make a master plan for controlling Southeast Asia.

Upon receiving the report, the president said that in its relations with the PRC, Indonesia will always stand on its national interests, national resilience, and vigilance.

#### Upgrading

The P-7 Team feels that P-4 upgrading seminars held by the BP-7 [Pancasila Indoctrination Board] are often boring, not because the materials are wrong, but because the materials need to be revised to reflect developments.

"Material on globalization is not well understood, and there is nothing about the collapse of communism in the

seminars. Only the old issues are being presented, which are boring. The problem has been reported and is being discussed with the Pancasila laboratory at Malang," Abdulgani said.

He said the shortcomings have to be noted, and we must dare to admit them if we are to make corrections. Seminar materials must be adapted to our problems, which include globalization, social disparity, the collapse of communism, and the growth of fundamentalism and capitalism. "In this way, the younger generation will realize that it, too, must have a part in thinking about these strategic problems," added Ruslan Abdulgani.

#### Suharto on Importance of ABRI's Role in MPR

92SE0337A Jakarta KOMPAS in Indonesian 23 Jul 92  
pp 1, 11

[Text] President Suharto has again declared that if ABRI [Indonesian Armed Forces] does not take part in the process of determining the "Broad Outlines of State Policies" (GBHN) through its representatives in the People's Consultative Assembly (MPR), this can result in resorting to arms if dissatisfaction develops regarding the strategy of existing laws. He said: "For that reason ABRI must have representatives in the MPR. Therefore, if ABRI is dissatisfied with the development strategy based on the GBHN, its members may channel their dissatisfaction through the MPR or a Special General Session of the MPR, but not by using other forms of power."

The statement by the chief of state was quoted to reporters by Dr. Tjahjo Kumolo, the general chairman of the Central Executive Council (DPP) of the Indonesian National Youth Committee (KNPI), after a discussion between the Central Executive Council of the Indonesian National Youth Committee and the president at the Bina Graha offices in Jakarta on 22 July. At the meeting with the president the Central Executive Council of the Indonesian National Youth Committee was accompanied by Akbar Tandjung, minister of state for youth and sports. The members of the Central Executive Council of the Indonesian National Youth Committee who attended the meeting included: Bambang Sumedi (secretary general) and several of the chairmen, that is, Darul Siska, Fransisko Kalibuadi, Alip Wiguno, and Asep Sudjana.

The dialogue was held to commemorate the 19th anniversary of the establishment of the Indonesian National Youth Committee, which occurred on 19 July. The high point of the program for celebrating the anniversary of the foundation of the KNPI will be a ceremony held at the Krida Bhakti Building of the Office of the State Secretary in Jakarta. This ceremony will be attended by Vice President Sudharmono.

Before meeting with the Central Executive Council of the Indonesian National Youth Committee the president also received, in the same place, the directors of the Indonesian Private Universities Consultative Board (BMPTSI). They include Moeslim Taher (general chairman), Mawardi Yunus (chairman of the Academic Section), Khumarga (chairman of the Financial and Activities Section),

Suharyadi (secretary general), Mulyatno Sindhu Dharmoko (general treasurer), M. O. Tambunan (deputy secretary general), and Ms R. L. Lokollo (assistant secretary).

The BMPTSI presented to the president the resolutions adopted on 27-28 April 1992 at the plenary meeting of the organization in Medan. One of the resolutions presented to the president was a policy statement by the BMPTSI regarding the general elections and the General Session of the MPR in 1993. Meanwhile, part of the president's statement was delivered at this meeting, together with what he told the Central Executive Council of the Indonesian National Youth Committee. For example, this concerned foreign aid, the Summit Meeting of the Non-Aligned Bloc, cultural mechanisms, national leadership and the five-year educational cycle, the experience with appointing members of the cabinet, and so forth.

### Dual Function of ABRI

Tjahjo Kumolo said that the president's statement on the position of ABRI in the MPR was made in his remarks on the problems involved in ABRI's dual function. The president emphasized that the dual function of ABRI should not be considered or regarded from the point of view that there are ABRI members who hold executive positions, for example, as provincial governors, regents, cabinet ministers, and so forth. The dual function of ABRI arises from the ongoing, historical process in Indonesia.

In the view of the president, as presented by Tjahjo, ABRI as a social and political force has the right to determine the direction of the state, in this connection through the GBHN. And, in view of the fact that the GBHN are decided on in the MPR, ABRI members must also sit in the MPR to take part in determining them.

Tjahjo said: "According to the chief of state, if ABRI does not take part in the process of determining the GBHN, it is feared that ABRI will not be satisfied with the strategy of the existing laws, such as MPR resolutions or other provisions. Therefore, ABRI will use the force available to it. To prevent this, ABRI needs representatives in the MPR. In this way, should ABRI be dissatisfied with the strategy, ABRI can express its dissatisfaction at the General Session of the MPR and not use other kinds of force."

The president declared that, as a political force, ABRI also must be able to meet the aspirations of the people, together with other social and political forces, so that its role as a dynamic force is clear.

This concept is also contained in the Sapta Marga [Seven Principles of the Soldier], that is, giving priority to the process of consultations to reach a consensus. The chief of state said: "In this way there will be no reason for ABRI to be dissatisfied with the format or concepts of existing laws, because ABRI will take part in the process of reaching decisions on our life as a nation and state." He added: "In this way the stability of development over a five year period will also be ensured. This is an advantage of Indonesia, compared with other countries, in ensuring stability and calming down conflicts and divisions."

Asked whether the participation of ABRI representatives, who hold 20 percent of the seats in the MPR, will prevent a coup d'etat, Tjahjo said: "The president said that his appointment of ABRI members, who make up 20 percent of the membership of the MPR, was made with this in mind. It was not done to reach a quorum."

The president's statement regarding the role of ABRI in the MPR was also presented at Tapos, Regency of Bogor (West Java), on 29 September 1991, when he received those attending the meeting of the ABRI leadership. On that occasion he also emphasized the role of ABRI in legislative institutions as a force for stability and dynamism, as well as in the development of democracy. Furthermore, he also underlined the appointment of ABRI personnel to such institutions as in the interests of defending the Pancasila [Five Principles of the Nation] and the Constitution of 1945.

### Appointment of Cabinet Ministers

On the occasion of his meeting on 22 July the president also spoke about his experience in presiding over the cabinet and appointing cabinet ministers, including ministers who come from the political parties. The general chairman of the Central Executive Council of the Indonesian National Youth Committee said: "The president only said that during his experience in presiding over the cabinet he has been involved in the appointment of a number of community leaders who were, in fact, from political parties. However, he recalled that it is within the power of the presiding officer of the MPR [the president himself] to decide which of his assistants are able to work together."

According to Tjahjo, the president did not wish to leave the impression among the people that the ministers were unable to work together, that they continue to reflect the outlook of the organizations from which they came, or that they were not comprehensive and thorough in their attitudes. Tjahjo said: "So the president does not think of them as coming from political parties or from Golkar [Functional Groups]. Rather, they are chosen from among the best people and are able to work together in a collective way as assistants to the president."

He added: "This is because responsibility for the government is not with the ministers but rather in the hands of the president. The ministers are only assistants of the president. Therefore, the DPR [Parliament] cannot dismiss ministers. An error made by a minister is the responsibility of the presiding officer of the MPR. Therefore, there is a consistency of thought regarding the Constitution of 1945 to consider it more deeply and ensure that stability can always function well."

The president, as quoted by Tjahjo, said: "The important thing is that I must look for people who can work together with me as a group, because any minister is my assistant as the presiding officer of the MPR."

Asked whether the inclusion of members of the political parties in the cabinet can bring partisan thinking with it,

Tjahjo limited himself to saying, "No. The president did not say that. It does not happen like that."

Tjahjo said that the essence of the problem raised by the president concerning the appointment of cabinet members is the importance of national stability in the framework of development. He said: "The president is the presiding officer of the MPR.... The government is not a government of individuals. Rather, cabinet members are also subject to the supervision of the MPR. Therefore, the president said: 'I look for people who can work together with me, can work together in a collective way.'"

#### **The People Should Not Be Split Into Small Groups**

In this dialogue the president also discussed the desire of a number of organizations to take part in the general elections (OPP), so that the strength of their infrastructure would extend downwards, to the village level. The president warned that the people should not split into small groups, because the strength and resiliency of the nation is at the village level.

The president wants the national infrastructure to be strong enough so that it will reach the second level of government [the regency level] as a structural matter. However, although this is the case, the president suggested that under present circumstances the existing social and political forces must be able to optimize and develop the work of their representatives at the village level. The president said: "So do not take the risk of sacrificing the existing union, unity, and resiliency in the villages in the service of what is exclusively a political interest."

The dialogue of the president and the Central Executive Council of the Indonesian National Youth Committee also covered the Tenth Summit Conference of the Non-Bloc Movement, which was concerned with foreign aid in the framework of development support.

Tjahjo said that the view of the president was that Indonesia must continue to move ahead. So the standard adopted in Indonesia in the framework of using foreign aid is that there must be cooperation which is mutually beneficial for the two countries involved. Tjahjo stated: "The president's view is that at some time Indonesia must be a country which not only receives but also provides aid. This has already begun, although it is still on a small scale, for example in the field of technology, family planning, and so forth.... In the future it will become larger."

The president said that at the Summit Conference of the Non-Bloc Movement Indonesia will therefore take the initiative in working with the countries of the southern hemisphere to resolve the problems of poverty, ignorance, and backwardness in the world, now that the Cold War is over.

Previously, the president also said that the government has never sought to exploit the force of our youth but has only tried to ensure that our youth are able to think in a consistent way and apply their thinking in a continuous way to our life as a nation and state.

The president said that national stability must always be ensured continuously in the framework of our life as a nation and state. He stated: "The present government is not a government belonging to one individual but is a government of the people. So, although the person who carries on government activity at the highest level is the president, he continues to come under the MPR as its presiding officer. Therefore, the highest authority is still the people."

#### **Only With the Private Universities**

In a question and answer session between reporters and directors of the BMPTSI, there were many questions concerning the high cost and commercial promotion involved in entering private universities. Regarding commercial promotion, Moeslim Taher said that a term is still needed to define the matter properly. Regarding high costs, he said that the construction of university buildings involves land and other costs. He said: "Education costs money. If the people demand high quality in the educational field, relatively high costs cannot be avoided."

Taher said: "These costs are considered high because they are paid directly out of the pockets of the people. However, if you consider the money which must be provided for state universities, the costs are the same. However, curiously enough, that criticism is always directed at the private universities alone. Regarding the state universities, there are some which require the payment of 15 million rupiahs in lecture fees per year. However, the press is silent about that. Private university fees are not as high as that."

On 22 July the president also expressed his appreciation to the private universities, which are playing a role in raising the quality of human resources in Indonesia. As of June 1991 there were 1,011 private universities in Indonesia, consisting of 332 academies, four polytechnical schools, 390 colleges, 51 institutes, and 234 universities. There were 1,242,353 students attending the 1,011 private universities, including 248,336 in diploma programs and 994,017 in degree programs. These students were under the supervision of 7,149 permanent teachers and 59,049 special teachers.

## **ECONOMIC**

### **Paper on Foreign, Domestic Investments**

#### **No Legal Differentiation Needed Between Foreign, Domestic Investments**

*92SE0353A Jakarta BISNIS INDONESIA  
in Indonesian 26 Aug 92 p 1*

[Text] Jakarta (BISNIS)—Legal experts say that a distinction between foreign and domestic capital no longer needs to be made, since capital flows in an era of economic globalization pay no attention to national boundaries.

Speaking at a seminar in Jakarta on 25 August, Todung Mulya Lubis said: "Domestic capital can now become foreign capital. Therefore, it is no longer necessary to distinguish between foreign and domestic capital. What is needed is a company registry."

Furthermore, he said, it is also difficult to determine whether foreign capital entering through foreign companies is in the form of equity capital or a loan.

He stated: "Based on available data, many foreign companies investing their capital not only do so in the form of equity capital but also in the form of syndicated loans."

According to this legal expert, in an era of globalization of the economy what is important is to have openness. Mulya said: "What is needed as far as openness is concerned is a company register which clearly states the articles of association of the company, who its officers and directors are, and the source of its capital. In this way the company will be more open and easy to control." He made this statement at a discussion on "Bringing Company Law Up to Date in an Era of Economic Globalization."

The discussion was sponsored by the Jakarta Lawyers' Club (JLC) and was held at Le Meridien Hotel. Among those taking part was Nono Anwar Makarim, as well as about 90 lawyers from several areas of activity.

Nono Anwar Makarim stated that in an era of economic globalization capital flows in the form of equity capital, loans, and investment no longer pay attention to national boundaries. He added: "Such capital is very free and can move into any economic sector without regard to national boundaries."

The legal expert also believes that there are many violations of the law in foreign capital flows because the countries concerned do not know the limitations of foreign exchange. He said: "We can see that domestic capital is free to move abroad and return as foreign capital. Such capital enjoys the protection which multinational and transnational companies have for their own capital."

Furthermore, the specialist on the law of "guest" capital said that there is a large amount of foreign capital which enters sectors of business activity which, under government policy, are reserved for Indonesian citizens.

Foreign capital which enters business sectors supposedly reserved for Indonesian citizens has also enjoyed special protection.

Nonon declared: "This protection is intended for domestic capital. However, foreign capital also enters such sectors. This causes confusion."

According to Nono, in countries of the Third World—generally in the developing countries—special protection is indeed provided, especially for their citizens to operate in certain business sectors. He said: "Foreign capital is not supposed to operate in that kind of business activity. However, now we have moved in the direction of a general principle concerning corporations, that is, openness."

According to data from the Investment Coordinating Board (BKPM), PMA [foreign investment] projects in 1990 were valued at \$8.751 billion. In 1991 they amounted to \$8.778 billion. During the first two and one-half months of 1992 they already amounted to \$2.126 billion.

Nono Anwar Makarim also questioned Indonesian Government policy which requires that Indonesians own a 51 percent majority of the stock in foreign capital investment projects over a certain period of time.

In his view government policy in the Foreign Capital Investment Law is not beneficial to the Indonesian economy. He said: "So the question is, what should be the basic provision, particularly the requirement that Indonesian citizens should own 51 percent of the capital in companies set up with foreign investment?"

### Control Board

According to Nono, violations in the flow of foreign capital are difficult to control in this era of economic globalization which does not consider national boundaries. He said: "The era of globalization requires openness. And this in turn requires an institution which can control the flow of foreign capital. At this time we do not yet have such an institution."

The legal expert expressed the need for a company registry which would contain the articles of association of a company, the composition of its board of directors, and the sources of its capital and which would be available to everyone.

During the discussion it was also stated that the draft law on corporations now under consideration contains two concepts which come from the Department of Justice and the coordinating minister for economics, finance, industry, and development supervision.

O. C. Kaligis, a practicing attorney who attended the discussion, stated: "We do not know what concept will be presented by the government to Parliament. The best thing would be for the government to invite practicing attorneys to discuss the draft law on corporations."

Previously, other practicing attorneys also considered it necessary for the government to have the "political will" to complete action immediately on the law on corporations to provide greater protection to the rights of minority stockholders in publicly owned companies.

Nono Anwar Makarim admitted that it would be difficult to provide protection to minority stockholders in a company because it would be feared that this could damage the structure of the company itself.

### No Reforms Needed To Attract Foreign Investments

92SE0353B Jakarta SUARA PEMBARUAN  
in Indonesian 26 Aug 92 p 4

[Text] Jakarta, 26 August—Indonesia does not need to liberalize its regulations to attract as many foreign investors as possible in PMA (Foreign Capital Investment) projects. Furthermore, it is not necessary to adopt automatically what has been done by other countries to liberalize regulations to attract foreign capital.

This was stated by Suryo B. Sulisto, chairman of the Investment Department of KADIN [Indonesian Chamber of Commerce and Industry], to the press on 25 August in

Jakarta. He was accompanied by Rudy J. Pesik, the deputy chairman of the Investment Department, and Hoediono Kadarisman.

He said that what has been done by Indonesia to attract foreign capital investment, both by issuing regulations as well as by providing incentives, is good enough. At the same time there is still an opportunity to improve the regulations concerning foreign capital investment. However, the existing regulations should be allowed to remain in force until they have been tried out.

According to Suryo, the policy followed by the Indonesian Government has already been good enough to attract foreign capital investment. We continue to have advantages which are better than those of other countries. These advantages include political stability, security, the economic system, the marketing system, and abundant natural resources.

These factors are considered by many foreign investors because they are only concerned with which country will be the most profitable for them. They ignore the fact that instability, limited natural resources, and an economic system unsuited to the flow of investments ultimately will also damage their own interests.

Other countries have undertaken liberalization measures to attract foreign capital investment because they are forced by conditions to do so. He said that we do not need to follow their example. For example, there is the confidence displayed by Japan, a large foreign investor in Indonesia, which continues to place great hope in this country. Japan, which has had a certain amount of experience, saw the prospect of profits when it invested its capital in a number of countries, one of them Indonesia, a country which Japan has selected as a rather good prospect.

#### Promotion

In fact, attracting more foreign capital investment is best done, not through liberalization of the regulations but rather through investment promotion. This has been done by the government through the KIAS [Indonesian American Chamber of Commerce] in the United States and the TTI program (trade, tourism, and investment). This activity should continue to be increased.

Furthermore, we should increase cooperation between the government and the Indonesian Chamber of Commerce and Industry because the businessmen who are members of KADIN have a role to play in the implementation of investment projects. This should be done to prevent supporters of foreign investment projects to be limited to only "certain" Indonesian businessmen, but spread to other areas as well.

He said that to attract more foreign investment, the policy of allowing 100 percent ownership of a company by foreign capital is not easy to implement. Foreign investors want to have friends in Indonesia who can be invited to work with them. It is difficult for these Indonesian friends to participate in such projects because of their limited abilities, both from the technical point of view as well as in terms of their ability to speak foreign languages. He said: "How

good it would be if the BUMN [State Enterprise Board] could also be a friend of foreign capital investment."

He added that, in fact, the presence of foreign capital investment in Indonesia is a complementary factor. It is more important to increase domestic capital investment. Recently, domestic capital investment has declined as a consequence of economic conditions within Indonesia which have not favored it, such as the policy of tight money and high interest rates.

#### Use of PRC Workers for Projects Causes Concern

92SE0351A Jakarta KOMPAS in Indonesian  
24 Aug 92 p 4

[Unsigned editorial: "Issue of PRC Workers Threatens Our Responsibility As a Nation"]

[Text] A reaction arises as we read in the newspaper about the arrival of about 1,000 workers from the PRC for a private sector project in Riau Province and one in Serang, West Java. This news became a subject of discussion in many meetings. The press itself, realizing the sensitivity of the issue, appeared cautious about developing the story. Now that officials have commented on the matter, reports are being expanded with further data and commentaries.

The question of the presence of 700 workers from the PRC for the construction of a steam electric power plant package—a turnkey project—reinforces our long-held view that for us as a large and pluralistic society occupying an extensive archipelago, national development does not mean merely moving forward, but also means advancing while always looking left and right, and even to the rear.

In other words, unlike homogeneous and relatively small societies such as those of South Korea, Taiwan, Singapore, and Thailand, we must always be alert, sympathetic, and patient. We must sometimes be willing to march in place or take a step backwards before taking two steps forward. Growth, equitable distribution, and stability, do not form a one-dimensional formula, but a complex, multidimensional one.

If the steam electric power plant installation from the PRC is a package project, it is understandable that some workers from such a mechanized country should accompany the plant's installation. Why, however, are so many foreign workers needed, when previous examples show that the greater the megawatts, the smaller the manpower requirement for a turnkey project? Is it because PRC-made machinery is simpler, cheaper, more labor-intensive?

Even if so, a question still arises. During recent years, particularly since the PRC opened its economy to foreign capital and joint ventures and established a special economic zone, we have often heard that the PRC offers cheaper manpower. In other words, Indonesia must also compete with the PRC in offering cheap manpower incentives. In this context, it is easy to understand how the presence of so many PRC workers invites reactions and questions.

Because we are both developing countries, we are trying hard, both rationally and emotionally, to put behind us our propensity for prejudice against the PRC. It is a fact that this propensity, which is an accumulation of history and experience, is still present and occasionally manifests itself suddenly. The propensity appears whenever there are differences with the PRC or when there is a competition of interests in any sphere.

Therefore, besides continuing joint efforts to neutralize and control these prejudices, we must also be careful and alert in formulating economic policies and actions.

When we were building our nation, national character, and national identity through our great "nation and character building" effort, groups within our pluralistic Indonesian society were called on and encouraged to orient their nationalities and cultures toward Indonesia alone. Times have changed and have become more complex, and the people of the world have become more intertwined because of the globalization process. These developments and changes must bring some relaxation of our national orientation, or, rather, renew it under new and more mature conditions and make us more perceptive.

We want to reemphasize the view that is often put forward: For Indonesia with its pluralistic society, when opportunities, facilities, and climate are created for rapid economic growth, the flexible "nation and character building" orientation must again be revived. This applies to all groups in society but is particularly relevant to the business community. The Indonesian business community should be as patriotic as the business communities of Japan and South Korea.

The issue of the electric power plant package from the PRC also has an aspect that threatens our responsibility and determination to comply with regulations and maintain "law enforcement."

If, for example, after the Agency for Study and Application of Technology examines the project, it finds that so many workers are indeed needed for a specific period of time, the agency's duty then will be to repatriate those workers consistently and effectively when the time comes so that they can be replaced with Indonesian workers. That is our problem. We frequently fail to comply with regulations and laws.

In communication with foreigners, including Asians, we are often made red-faced by intimations impugning our determination and ability to comply with regulations consistently and effectively. We are considered so sensitive that compliance with policies, regulations, and laws is compromised by other considerations.

This truly is a very strategic matter for our determination to develop human resources in Indonesia. If we agree that our present and future competitiveness will be decided by our comparative advantages as a nation, the matter of social and national discipline is a collective responsibility that we must handle seriously.

Our concern over the presence of such a large number of workers from the PRC on one project embodies a deeper

worry, namely that for whatever reasons, considerations, or pressing interests we will be the losers in the end. "We" does not mean the businessmen involved, but all of the people.

As a call to new awareness and sense of responsibility, it is appropriate to call the next long-term development period the Second National Revival. Our homework is to give meaning to that period. We must truly speak to hearts and minds and revive our collective awareness, sense of responsibility, and determination to build a nation that is not despised because of weaknesses in character and discipline.

### **Suharto Warns Economic Protection Cannot Last Forever**

92SE0351B Jakarta *SUARA PEMBARUAN*  
in Indonesian 15 Aug 92 p 4

[Text] Jakarta, 15 Aug—President Suharto says that as a developing country we should naturally protect our domestic industries that are just beginning to grow, for our medium-scale industries will be the backbone of our economy in the future.

"We need to realize, however, that protection cannot last forever, because it will kill incentives for hard work to increase efficiency," the president said Saturday morning [15 August] in Jakarta during a state address to members of the DPR [Parliament].

Continuous protection, he said, will be a burden to the people, because the people will have to pay higher prices for necessities. That would mean sacrificing the people's prosperity to support domestic industry.

The president said the protected industries must grow up quickly and be able to stand on their own feet. Mature, efficient, and productive industries are what we want as the backbone of our economy.

In this era of globalization, he said, we have no choice but to prepare our people and our economy to stand abreast with other nations and to compete with them. In other words, the president said, we must work hard to improve the robustness of our economy.

A robust economy is one that is built on robust industries, industries whose strength is founded on high productivity and efficiency and which dare to compete with the industries of other countries.

Such industries will grow only in a climate conducive to improving productivity and efficiency. Through deregulation, the head of state said, we create a climate that encourages the nation to take initiative, to be creative, and to work hard to compete openly.

By developing our technological capabilities, we make opportunities and open new horizons for the creation of initiative, creativity, and hard work. These things will visibly increase our national efficiency and productivity. At the same time, the business community must play an active role in their development.

### Monetary Control

The head of state also pointed out that monetary control makes funds scarce and causes interest rates to rise. These are the logical consequences of any effort to put the brakes on economic activity that is growing too fast.

"We realize there are projects that need to be slimmed down, delayed, or even canceled. Complaints are being heard from the business community that the financing of business is becoming more expensive and money hard to get," the president declared.

The Indonesian people must fully realize, however, that such steps must be taken for the sake of us all and for the continuity of national development, he said. Therefore, we are at the same time trying to keep the side effects of these policies to a minimum.

We have prepared conditions so that interest rates will begin to come down and funds will become more available as the economy cools off.

Meanwhile, he added, deregulation continues in the real sector, particularly by improving the long-term efficiency of our economy. This will also help to minimize the negative effects of monetary controls on the production sector.

According to the president, we are beginning to feel the effects of these efforts. "We need to realize, however, that interest rate reduction and monetary relaxation must be done gradually and very carefully so as to consolidate permanently the results we have achieved at great effort and to avoid destroying those results," he said.

### Growth

He said that certain business sectors have felt the impact of these monetary control policies but that national production as a whole has not been disturbed very much. It is true, however, that Indonesian economic growth in 1991 was slower than in the previous two years. The economy grew by 6.6 percent in 1991.

This rate of growth, the head of state said, is still very acceptable from the international point of view as well as from the aspect of our experience. Because of recession in several industrialized countries, world economic growth in 1991 was negative, i.e., a minus 0.35 percent. Economic growth in the developing countries was 3.3 percent, and in Asian countries the overall growth was 5.8 percent.

The president said we must realize that slow domestic economic growth is not caused by monetary control policies alone.

## POLITICAL

**'New Order' Politics Causing Anxiety in Sabah**

92SE0334C Kuala Lumpur BERITA HARIAN  
in Malay 20 Jul 92 p 21

[Text] Kota Kinabalu, 19 Jul—The people of Sabah are facing a political "new order" in the state that sometimes frightens and at other times is an incentive to continue to support the Sabah United Party (PBS).

Jahid Jahim, vice president of the PBS Youth Movement, says the people of the state have never been told about or introduced to the "new order" they are now facing.

"The so-called 'new order' is the fact that the multicommunal party, the PBS, is facing a party based on communal group. This is the problem now confronting the people," he said today as he expressed his appreciation for the policy speech given by PBS President Datuk Joseph Pairin Kitingan to the seventh annual congress at Hongkod Koisaan.

In his 20-minute speech, Jahid analyzed the president's policy speech at great length. Congress observers characterized the speech as an attempt to reignite antifederation sentiment and thus restore PBS unity. The campaign for party elections had revealed the divisions in the party.

Jahid said the recent statement by Prime Minister Datuk Seri Dr. Mahathir Mohamad that the National Front (BN) will become a multicommunal party shows that the PBS has gone one step ahead.

"Because we (the PBS) have put into practice the concept of a multicommunal party before they do, they now want to get rid of us. Never mind; we gave them a chance."

"The important thing for us is to fight for the concept of a multicommunal party and to oppose the idea of a party based on communal group," he said.

With regard to fairness, Jahid said it will be very unfortunate if the state government's request that an investigation commission be formed to investigate illegal aliens in Sabah who get identification cards and register as voters does not get the same attention the Federal Government showed in investigating the Memali tragedy and the collapse of the jetty in Pulau Pinang.

He said the Federal Government must also take concrete action by prohibiting illegal aliens and other foreigners from remaining in the state.

He said the state government will continue to support the Federal Government in resolving the problem of illegal aliens and foreigners in the state.

Jahid also said the people of Sabah will keep on fighting for and defending their rights for the sake of the next generation.

"Therefore, the Kuala Lumpur people (Federal leaders) must not violate the agreement that founded Malaysia; otherwise, justice cannot exist," he said.

**Aceh Rebels Said To Hide in Country**

92SE0341B Kuala Lumpur UTUSAN MALAYSIA  
in Malay 23 Jul 92 pp 1, 2

[Text] Medan, 22 Jul—The Indonesian Armed Forces have expressed their concern that Malaysia will be a main hideaway for rebels seeking an independent Aceh if joint action is not taken now.

Indonesia voiced this concern because it says many Aceh guerrilla rebels are fleeing to Malaysia after conducting terrorist acts for the purpose of separating Aceh from the republic.

Major General P. Pramono, military commander of the North Sumatra area, which includes Aceh, said the two countries may be able to think of something to resolve the problem.

He said many Acehnese rebels who are still conducting terrorism against Indonesian soldiers are living peacefully and safely in Malaysia.

"It is as though they have a place to hide after committing terrorist acts.

"I do not think it is good for the long-term stability of the region if they continue to make Malaysia a hiding place," he said today in an interview with UTUSAN.

The Aceh rebellion has been a problem since the 1960's.

One aspect of it is that it constantly tests the good relations between Indonesia and Malaysia.

There are some in Indonesia who claim that certain Malaysian groups and individuals are giving direct aid to the Acehnese rebels.

An incident that is still an issue between the two countries was the action of 261 Acehnese who went to Pulau Pinang last year to seek political asylum.

Pramono said he also has evidence that some Acehnese rebels have status as both Indonesian and Malaysian citizens.

"Two people recently arrested had Malaysian identification cards (red)," he said, displaying the cards.

Pramono also noted that Indonesia understands the problem Malaysia faces in this issue.

"Malaysian law does not permit these guerrillas to be arrested and handed over to Indonesia," he stated.

Nevertheless, the two kindred countries may be able to think of some way to resolve the problem.

He also recorded his appreciation for the work of the Malaysian Government in repatriating Aceh residents who went to Pulau Pinang and Kuala Kedah last year.

The regional commander said that 151 of the 261 Acehnese who went to Malaysia between March and November 1991 have been returned.

"We are confident the others will come back, too," he asserted.

The Aceh residents sought status as political refugees by claiming they were fleeing terrorism in Aceh and were afraid they would be killed if they returned.

Malaysian authorities considered them illegal immigrants, however, and decided to send them home.

Pramono said the question of whether the people who returned would be prosecuted, let alone killed, has never arisen.

"You are free to interview the people who returned," he said.

He said he deplored reports in the Western press that the Indonesian Government and military are tyrannizing residents of Aceh.

"We have never committed tyranny against the people of Aceh. We have only acted against the armed rebels who have killed many soldiers," he explained.

He said many of those killed were themselves Acehnese.

"It is strange, however, that none of the rebels' vicious acts have drawn the attention of the foreign press," he said.

In reply to a question, Pramono said the Acehnese rebels who reportedly were shot to death were not killed in cold blood.

"They died in combat with soldiers, and it is clear that they were armed and fired on the soldiers," he said.

He said that Hassan Tiro, who is called the source of inspiration for Acehnese rebels demanding independence, no longer has strong influence, especially among young people.

Hassan Tiro is now in Stockholm, Sweden, working at the international level to create a so-called independent state of Aceh.

According to Pramono, the armed rebels in Aceh are under control and their numbers steadily diminishing.

"The people of Aceh now have a better understanding. I think that after the next 10 to 15 years the issue of the rebellion will not come up again," he said.

#### Malaysia To Host Commonwealth Games in 1998

92SE0341A Kuala Lumpur UTUSAN MALAYSIA  
in Malay 22 Jul 92 pp 1, 2

[Text] Barcelona, 21 Jul—Malaysia made history here today when Kuala Lumpur was chosen as the host for the 16th Commonwealth Games in 1998.

Kuala Lumpur defeated Adelaide by a vote of 40 to 25 in an election held by the General Assembly of the Commonwealth Games Federation (CGF) at Barcelona's Hotel Melia.

When the vote was announced by the assembly chairman, Ade O' Sales, at about 1700 hours, members of the 1998 Commonwealth Games Campaign Committee and secretariat employees, who were admitted only after the closed election was completed, shouted for joy.

Senator Annuar Musa, minister of youth and sports, and Tan Sri Hamzah Abu Samah, president of the Malaysian Olympic Council, were embraced joyfully in front of all the delegates as the hall reverberated with the roar of applause.

The joy of the Malaysian camp delayed the meeting, which was still in session, for several minutes. Chairman O' Sales was forced to interrupt, saying, "The meeting is not over, and the games have not yet been announced for anyone."

This is the second time a nonwhite country has been selected as host for the games. Kingston, the capital of Jamaica, was chosen in 1966.

Hamzah, who was given the honor of speaking after the decision was announced, said, "We will have the best Commonwealth Games in history."

Annuar told a press conference later: "Malaysia is delighted to have won the election with the principle and spirit Commonwealth solidarity."

The campaign between the two contestants was marred when Adelaide in its final attempt to win offered more air tickets to certain countries, particularly on the continent of Africa.

Those dirty tactics were denounced by several countries, including England and Scotland. As a result, the CGF decided that any offers during the election would have to come via the executive committee.

Malaysia conducted its campaign with less money than Adelaide and made no offers that could be interpreted as bribes.

"With the conviction that we must convince CGF member countries to support Commonwealth principles, we concentrated on lobbying through personal meetings," said Annuar, who since last April has been spending his time campaigning.

He told Malaysian reporters yesterday that Malaysia would be able to win by only eight votes.

Frank statements to CGF delegates by Annuar, Hamzah, and the mayor of Kuala Lumpur are believed to have changed the minds of those who previously were undecided about supporting Malaysia.

"We want you to choose us, not because you are 'bought,' but because you evaluate our qualifications and capabilities," Annuar said in his statement.

He later revealed to reporters that this was the first time in his life that he was nervous about speaking in public.

"I practiced 10 times today and went into the rest room twice to calm my nerves," he said.

The news of Malaysia's victory was delivered to Prime Minister Datuk Seri Dr. Mahathir Mohamad by a campaign secretariat employee.

"Datuk Seri sends congratulations to you and says you may have to work even harder after this," the employee told Annuar as Malaysian reporters listened.

**Ghafar on Possible PBS Return to National Front**  
92SE0334A Kuala Lumpur BERITA HARIAN  
in Malay 20 Jul 92 pp 1, 2

[Text] Kuala Lumpur, 19 Jul—Deputy Prime Minister Ghafar Baba says the National Front (BN) is not a "cinema" that political parties may enter and leave as they wish.

Ghafar, who is also BN secretary-general, says an application to join the BN needs the approval of all component members and that the party desiring to join will not be accepted if even one component party disapproves.

He spoke to reporters about the possibility that the Sabah United Party (PBS) will rejoin the BN. Several PBS leaders and members had made statements to that effect during the heat of their campaign for party offices.

"The decision whether to reaccept the PBS into the BN will not be made by UMNO [United Malays National Organization] alone. We need the agreement of all the component parties.

"Therefore, do not hastily decide to come in or out. Going out is easy. Simply write a letter and announce it in the press, but the BN is not a 'cinema,'" he said.

"Since it is not easy to join the BN, any party that wants to leave should be very careful," he said here today after inaugurating the Kepong Recreation Center and the conference of the Kepong UMNO Division.

PBS Secretary-General Datuk Joseph Kurup, who won the party's deputy president position, was reported to have said that the PBS's departure from the party several days before the October 1990 general elections hurt the people and the state of Sabah.

Ghafar said the PBS's withdrawal showed how easy it is to leave the BN. Merely send a letter, and announce it in the press, but it is not so easy to rejoin.

"We want sincere people who will live and die with us, not people who simply want to go in and out. This political work means protecting the lives of people," said Ghafar, who is also president of UMNO Liaison in Sabah.

When asked whether the reentrance of the PBS into the BN will improve cooperation between Sabah and the Central Government, Ghafar said he does not know whether Sabah wants that or not.

"If they ask to join, I will inform the BN component parties," he said.

Replying to a question about the leadership of the People's Progressive Party, Ghafar said he would summon the people involved to seek a solution.

"I cannot interfere in the problems of component parties, but in this matter I think it would be good to call them to talk—if it is possible to stop a quarrel that has already reached the courts," he said.

Ghafar also reminded people on the East Coast not to blame the Central Government for their being left behind,

because their situation is a result of the Kelantan Government's negative attitude toward development.

He said no investor wants to put his capital in a state that has no infrastructure, without adequate electricity or a complete communications system.

He was asked to comment on a statement by Kelantan Deputy Chief Minister Abdul Halim Abdul Rahman that the state will not pay compensation for losses resulting from its action in blocking construction work on the 1.3-billion-ringgit Pergau Hydroelectric Dam from 4 to 15 July.

"Naturally they do not want to pay, because they have no money. The Central Government does not have a large amount of money, however, and must delay development on the East Coast if the Kelantan Government does not want to accept development. The people are the ones who will lose in the long term.

"Because development requires great expenditures, we have a big responsibility to provide facilities for development," he said.

According to Ghafar, the government has not decided whether the state must pay the compensation or whether it will be deducted from the reimbursement to be paid by Tenaga Nasional Berhad [National Energy, Inc.]

The Kelantan State Legislature was informed yesterday that if work at the Pergau project stopped for a month, losses would be 80 million ringgit. Work was interfered with for 12 days by the blocking of the road to the project.

**Status of Spratly Islands Dispute**

92SE0334B Kuala Lumpur BERITA HARIAN  
in Malay 18 Jul 92 p 8

[Article by Azman Abdul Hamid: "The Spratlys: Malaysia's Position"]

[Text] Malaysia has often urged that the conference table rather than force or military action be used to resolve the Spratly dispute.

Since almost all the countries claiming ownership of the islands generally believe that force is not the way to a settlement, the Spratly dispute is not expected to threaten the region. Nevertheless, Malaysia is taking cautious steps on the issue.

Malaysia has taken part in several discussions, including the recent talks in Yogyakarta, Indonesia, among representatives of nongovernmental and academic groups. The participants decided that an international conference should be held by the six countries claiming the islands.

Even earlier, Indonesia had offered Bandung as venue for the first round of talks on the Spratly issue.

Foreign Minister Datuk Abdullah Haji Ahmad Badawi once stressed that Malaysia will keep good relations with the other countries that claim the islands, especially for the sake of regional stability.

He said Malaysia is not in such a hurry that it is willing to hurt its good relations with neighboring countries like Vietnam, which also claims part of the Spratlys.

Malaysia claims Layang-Layang Reef, Laksamana Reef, Ubi Reef, Mantanani Reef, and Amboyna Cay, because they lie within Malaysia's exclusive economic zone.

The islands are not far from Labuan, and Malaysia's claim is based on the 1958 Geneva Convention on the borders of regional waters and continental platforms.

The convention outlined the sovereign rights of a country. The claim is also consistent with the UN Convention on the Law of the Sea and with international practice.

From the diplomatic aspect, Malaysia's position has been welcomed by the Philippines and Brunei, Malaysia's ASEAN neighbors.

Philippine Foreign Minister Raul Manglapus proposed that ASEAN be the arena of discussion for solving the problem.

China is the main hindrance to resolving the Spratly issue. With the U.S. withdrawal from Subic Bay and Clark Air Force Base in the Philippines, China can easily threaten other countries in the Asian region.

There was evidence of this on 14 May 1988, when China's army fought the Vietnamese army, despite China's having signed an agreement with Malaysia and the Philippines not to use force in the Spratlys.

Seventy-two Vietnamese soldiers were killed in fighting on Sin Cowe Island.

The decision of the Chinese parliament in February to claim the entire island region complicates the situation and threatens to produce a crisis like the one that occurred in 1988.

Moreover, China's statements on the issue are constantly changing. Take, for example, Chinese Prime Minister Li Peng's visit to Malaysia and Singapore in 1990.

He proposed that all the countries put aside claims and work together in exploiting the resources of the Spratlys.

The policy change made when its parliament approved the use of military force to maintain its interests shows that China is moving toward becoming the biggest military power in Asia.

Another factor is the extent of the U.S. military presence in Asia to offset Chinese influence and to give protection and stability.

Malaysia continues to take the position that there is no need for the United States or any other third party to interfere and that the Spratly issue should be resolved only by the countries involved.

Deputy Foreign Minister Datuk Abdullah Fadzil Che Wan says the conflicting claims and the claims to all of the Spratlys are not America's problem and should be resolved among the countries making the claims.

The issue of the Spratlys, which lie in the South China Sea, emerged in the 1970's, when some or all of the islands were claimed by Malaysia, Vietnam, China, the Philippines, Taiwan, and Brunei.

So far, the dispute has involved only the diplomatic arena, in which the six countries have carried on a war of words. The only serious incident was the one in 1988.

All of the countries, except Brunei, have placed military forces on some of the islands to ensure that they can control all or part of the Spratlys.

Several years ago, China, Vietnam, and the Philippines placed their military there in such a visible way that other countries interpreted their actions as threats to their territories.

In May, Malaysian Armed Forces Commander General Tan Sri Yaakob Mohd. Zain said that Malaysia will try to avoid any action that could lead to war.

He proposed to his counterpart, Indonesian Armed Forces Commander General Try Sutrisno, that Malaysia, Indonesia, and Singapore plan steps to deal with the problem so that it will not drag on.

China's contract with Crestone Energy Corp. of the United States to exploit oil deposits in the Spratlys so far has prompted protests only from Vietnam but again raises the question of how to get a resolution that is best for all parties.

The agreement made by Malaysia and Vietnam in Hanoi in April may be used as a basis for resolving the Spratly crisis.

The agreement specified that the following matters be discussed between the two countries:

- The actual size of the disputed area is to be identified.
- Talks are to be based on the area subject to claims.
- Development in the disputed area is to be conducted jointly to guarantee that all parties get the same rights.
- Joint development will not jeopardize the final decision on borders within the area.

Using this formula, the six countries with claims on the Spratlys may be able to find a starting point for meaningful talks on resolving the issue.

The first step may be a meeting at the ministerial level to propose ways to set an agenda for discussions.

Informal discussion at the ministerial level among all the countries involved could be held to plan the basis for official talks.

Official talks must be conducted on the basis of an understanding of the methods and procedures to be used for deciding each party's claims.

### **Farmers' Reaction to Ramos Land Reform Proposal**

92SE0343A Cotabato City MINDANAO CROSS  
in English 25 Jul 92 p 3

[Text] Organized farmers in Cotabato province viewed with dismay President Fidel Ramos' proposal to raise CARP retention limit to 50 hectares as side-tracking them in the development process, if not arbitrarily denying them their right to decent livelihood and economic development.

Reacting to this move of the new administration, Cesar Camarillo, chairman of the Kilusang Magbubukid ng Pilipinas (KMP) chapter here, said "it's quite unfortunate Ramos does not show interest in addressing the squalid situation of poor landless peasants. What has become of our right to decent life?"

Camarillo said Ramos' move was in line with his campaign platform to put emphasis on developing industrial zones, as his main economic policy following the models of Asia's newly industrialized countries like Indonesia and Malaysia.

The scheme converts agricultural lands into export processing industrial zones, financed largely by foreign business firms.

By and large, this economic policy will relegate to the sidelines the developmental approach of non-government organizations (NGOs) for an intermediate agro-based national industrialization which would enlist the vital participation of farmers and their productive lands.

This will ensue after a genuine agrarian reform.

Should Ramos push through his scheme, farmers will become secondary beneficiaries of development, if not mere spectators. "Government should view us farmers positively as partners, not expendables in the process of development. Indeed, any development must equally improve our lot," Camarillo asserted.

While the country's estimated 14 million hectares of agricultural lands are not sufficient to meet the minimum 5 hectares for each of the more than 10 million farmers, a 50-hectare retention limit to landlords disqualifies 88.6 percent of our lands for distribution.

The well-being of around five million farmworkers will be forgotten. The dreams and hopes of another two million tenants to own even a strip of land will be shattered.

NGOs proposed that farmers not given land in a genuine land reform would be absorbed in the workforce of the agrarian-based industries.

In the CARP, initiated by the past Aquino administration, as reported, the four-year-old land reform program distributed only a meager 1.2 million hectares throughout the archipelago.

Camarillo stated KMP's standpoint that land distribution must be finished within two to three years to give justice to their longstanding poverty situation.

The KMP national council of leaders will have to meet within the first 100 days of the new administration to discuss its program of actions. "We will stick to the principle of land to the tiller," another KMP leader said.

A political observer here noted that "the proposal of Ramos for the higher retention limit of CARP is made alongside his amnesty initiative for rebels. But the land problem has become the source of numerous peasant bloody rebellions which littered the country's history."

The much-criticized CARP was drafted after 13 farmers were killed in Mendiola bridge across Malacanang during a big KMP rally demanding genuine land reform from the Aquino regime.

When the 12th watered-down version was finally approved by Congress, the Congress of People's Agrarian Reform (CPAR), an alliance of farmers nation-wide to which KMP belongs, rejected it. CPAR drafted its alternative position contained in People's Agrarian Reform Code (PAR-CODE).

## POLITICAL

**Management Chief Disapproves of Amnesty Law**  
*92SE0399B Bangkok DAILY NEWS in Thai*  
24 Jul 92 p 3

[Text] Dr. Suthin Nopketu, the head of the Administration Development Institute and a former Moral Force MP [member of parliament] from Bangkok, expressed the view that the amnesty decree passed because it does not conflict with the constitution. But the constitutional judicial committee was not unanimous in its decision. He said that he disagrees with this decree and thinks that it should be repealed, because the officials overreacted. Promulgating this amnesty decree will set a bad example for the future. If people in power commit a crime, they can simply pass a law granting amnesty to themselves and their friends. Also, this amnesty law was promulgated very quickly for the benefit of the people then in power. If this had been drafted as an act for discussion by parliament, it definitely wouldn't have passed. Thus, he said that he would like the government to take the following actions:

1. The amnesty decree should be declared null and void. If he is elected to the House of Representatives in the next election, he will refuse to vote for this decree and will wage a fight to keep this from being promulgated as an act. He will take steps to revise those sections of the constitution dealing with issuing decrees in order to close the present loopholes.
2. The government of Prime Minister Anan should take a stand and take resolute steps to transfer those who played a role in the nation's tragedy and consider the crimes of those who ordered the killing of the people and the destruction of democracy. The results of the investigations conducted by the state and Ministry of Defense committees should be considered honestly and fairly. There should be justice for the people. The results of this amnesty decree should serve as justification.

## MILITARY

**Air Force Commander on Procurement, Control of Airline**

*92SE0357A Bangkok LAK THAI in Thai*  
15-27 Aug 92 pp 13-15

[Exclusive interview with RTAF Commander in Chief Kan Phimanthip by Phochai Chiyawelu; date and place not given]

[Excerpts] [passage omitted] [Phochai] In order to support your policies, it would probably be better if we didn't ask you anything about politics, correct?

[Kan] Correct. If people don't want the military to think too much about politics, the mass media should follow other issues that will benefit the people and the military. Have you ever heard about the military in the developed countries being questioned about political issues? We must help develop democracy to the proper limits and enable everyone to understand his duties and responsibilities and have discipline and moral principles.

[Phochai] What are your views on developing the air force?

[Kan] As for our main combat forces, our air force is strong enough to help defend the country. In saying this, I am not comparing us with the superpowers. Rather, I am comparing our strength to that of neighboring countries, or to the threat posed by other countries that do not border us directly. The past three-four air force commanders in chief have prepared these combat forces sufficiently. We have three flights of F-5 aircraft, and by 1993 we will have two flights of F-16 aircraft. We will soon start receiving the second flight of these aircraft, with all 16 delivered by 1995. That may seem like quite a while, but that is how long we will have to wait. We have to do things based on long-term plans. If there is a crisis, we have military allies. Even though things are moving slowly, there is no reason to worry.

As for support forces, we have six C-130 aircraft, and two more have been ordered. From a strategic standpoint, we need 12 of these aircraft, but there is presently a shortage of "cash." If the national economy improves and the state has sufficient revenues to increase the budget of the air force, we may request to purchase more of these aircraft.

We have two older models of medium-sized transport aircraft, that is, C-47 aircraft, which are about 30 years old, and C-123 aircraft, which are about 20 years old. It is essential that we obtain new aircraft to replace these. We now have to use C-123s to serve as medium-sized transport aircraft instead, with the result that expenses are higher than they should be.

We have six Afro passenger aircraft. Some may protest, but the fact is we have a shortage. During my time as CinC [commander-in-chief], we probably won't have sufficient funds to buy more.

There is a great need to strengthen our ground forces, including our AAA forces, airfield defense missiles, and ground defense missiles. Fortunately, the tension in the world has declined greatly. But we cannot become complacent, because there is still fighting going on along two of our borders. And there are frequent territorial disputes between groups and ethnic minority groups.

[Phochai] After the F-16 aircraft have been paid for, what weapons do you plan to buy?

[Kan] We certainly won't be able to finish paying for those aircraft during my time as CinC. In purchasing weapons, we will have to discuss which weapons to give priority to based on the over-all situation. The next RTAF CinC will probably have a chance to take action on this.

[Phochai] Who do you think will be the next RTAF CinC?

[Kan] Although that is not a political question, it could affect relations and solidarity. Thus, all I will say that is that we have several years to consider that matter. And that is not up to me alone. The person selected to head the air force must be an intelligent and capable person.

Developing the air force is an on-going task that is influenced by various factors, including science and technology, with things now being very sophisticated. Thus, the air

force must constantly develop its personnel. Our people are now studying and training. We are doing a good job.

We have a modern communications system using the C3I system and the Royal Thai Air Defense system to defend against threats by air, particularly in the northeast and north. In the north, we have a long-range system. This is already in operation, but it is not complete.

As for the south, it is essential that such a system quickly be set up, because that has become more important. It's not that we face a threat from a neighbor there, but we have more ocean assets that must be protected.

The past three-four air force commanders in chief have been carrying on such development. Our goal is to coordinate things so that we have the capabilities to carry on operations abroad and return safely. I am just carrying on this work. Development cannot stop.

[Phochai] Will improving the lives of the troops help prevent the military from overstepping the bounds of its authority?

[Kan] If you are referring to ambition and the desire for political power, normally, when people have a good standard of living and feel that they are being treated fairly, they won't think about "going too far" as you have said. But if the environment is bad, their views could change. With respect to the second point, that is difficult for us to prevent. But we can do something about the first point, that is, we can take steps to improve their welfare.

The first issue is housing. The troops living in Bangkok lack adequate housing. I would like most of the troops to live near Don Muang. That way, they won't create traffic problems for themselves or others. In the provinces, there is still not enough housing. The housing allowances aren't sufficient to pay actual costs. We have only 50 million baht left until the end of this fiscal year. I have ordered that this money be distributed based on the size of the various wings. About 100 more military families should benefit during the remainder of this fiscal year.

[Phochai] Do you think that the entire air force should be moved to the provinces? I am asking this from the standpoint of safety and modern tactics.

[Kan] I agree with that in principle. But that would cost about 100 billion baht. That would be very difficult. We can't shift the burden to the commercial airlines. Don Muang is too small for the commercial airlines and so there is a project to build a new commercial airport at Nong Ngu Hao. Operations will probably be moved there in another 5 years or so. A moment ago, I did not finish talking about the welfare of the troops. Besides housing, I would like to build schools for the children of air force personnel and good students in general. These must be good-quality schools that provide instruction through Grade 12. And there must be a few boarding schools for the children of air force personnel who are stationed in the provinces. This must be done in order to solve some of the many problems. Once these problems have been solved

and once commanders at all echelons act fairly and conduct themselves in an exemplary manner, everything will improve. [passage omitted]

[Phochai] How much help does the air force give and how much influence does it have over Thai Airways International?

[Kan] I would rather not answer that. People will say that the air force is still concerned about its power in Thai Airways International. But I understand that you are trying to obtain information. I will try to respond as someone who once served on the board of directors.

The air force does not earn a profit from Thai Airways International. Those who hold positions in the company may benefit, but that is up to the board of directors. The chairman has always been an air force officer. Only two people on the board have been from the air force. One, by position, has been the air force chief of staff. The other has been a senior officer whom the chairman has appointed to serve as managing director. That is only three people, which is a very small number.

The air force has helped Thai Airways International since the very beginning on almost all fronts, particularly with respect to personnel. About 60-70 percent of the pilots are from the air force, and about 70 percent of the mechanics are former air force personnel. And there are communications and other personnel. Altogether, about one-half probably come from the air force.

The air force, or state, has spent more than 1 million baht training each pilot. When it has been necessary to add personnel quickly, the air force has allowed the company to "borrow" air force personnel. That's because that was necessary. Thai Airways International is a national asset that must be helped and supported.

Once the board has formulated a policy, the administrators, headed by the managing director, must carry out things as a team. Thai Airways International is a large organization with a large number of personnel. There will always be problems, and mistakes will be made in carrying on things. The company has assets totaling 100 billion baht. If we become mired in arguments or mutual dislike, we will be beaten by the competition. As you probably know, Thai Airways International grew in the past when there were strikes during the period of free competition. Many airlines when bankrupt, and many others found themselves in great difficulty. Thus, I want us to have solidarity. People should help each other administer things instead of worrying about power and position and siphoning off the nation's wealth for themselves and their friends. You may remember the time when Air Chief Marshal Woranat suppressed the internal mafia and stopped the spread of the influence of outsiders. I had much experience with Thai Airways International during the period that I served as an air force attache abroad. And during the time that I was the air force chief of staff, I was a member of the board of Thai Airways International. After I left, there were mafia figures who were like lizards who could change colors depending on the situation. What is worrisome is that some administrators may try to pull

strings with powerful people with whom they have ties. If the senior people listen only to those people and do not weigh things carefully, Thai Airways International will fall prey to vultures.

[Phochai] In the developing countries, how much will the national commercial airlines have to depend on the air force, and in Thailand, is the Department of Aviation doing a good job?

[Kan] I don't want to answer that question. You can consider that yourself. If I gave you a frank answer, that might upset the people concerned. Or people might think that I or the air force are still upset by the loss of power over Thai Airways International. We don't have to rely on or seek profits from that company. [passage omitted]

#### **Lao Defense Minister To Send Medical Doctors**

92SE0340B Bangkok KHAO THAHAN BOK [ARMY NEWS] in Thai 13 Jul 92 pp 1, 3

[Excerpt] [passage omitted] The Lao activities coordination section (Project 309) stated that Lieutenant General Choummali Saignason, the Lao minister of defense and Lao chairman of the Joint Lao-Thai Border Peacekeeping Committee, has expressed a desire to send nine military doctors to observe Thai Army medical activities for about one month. The Thai supreme commander and Thai chairman of the Joint Thai-Lao Peacekeeping Committee has granted permission for Laos to send these doctors.

The Army Medical Department, which will be responsible for holding seminars for and taking the Lao doctors to observe things, has made complete preparations in accord with the policy of the supreme commander in order to build good relations with Laos as fraternal countries. Seminars will be held, and they will be taken to observe things at four places: one hospital in Bangkok, the Phra Mongkut Klao Hospital, and three hospitals in the provinces, the hospital at the Suranari Camp in Nakhon Ratchasima Province, the hospital at the Thanarat Camp in Prachuap Khiri Khan Province, and the hospital at the Kawila Camp in Lampang Province. They will be here for one month.

Concerning this exchange of medical knowledge, the Army Medical Department feels that in view of the fact that Lao military doctors are coming here to observe Thai military medical practices, Thai doctors should have a chance to go observe practices in Laos in order to gather data on diseases prevalent along the Lao border, such as liver fluke, that could affect Thais.

#### **Army Deputy Chief of Staff Comments on Military Role**

92SE0340A Bangkok KHAO THAHAN BOK [ARMY NEWS] in Thai 6 Jul 92 p 4

[Interview with Lieutenant General Yutthana Khamdi on 1 July 1992]

[Excerpts] [passage omitted] [KHAO THAHAN BOK] Demands have been made and parliament has passed a

resolution to disband the Internal Peacekeeping Command. What does the military think about this, and what have senior officers said about this?

[Yutthana] The Army has not discussed this matter. That is up to parliament. It will probably depend on what the reasons are. Whether or not that is disbanded is a legal matter. I think that the advantages and disadvantages will have to be considered very carefully. [passage omitted]

[KHAO THAHAN BOK] Concerning the reshuffle of military commanders, has the RTA CINC [Royal Thai Army Commander in Chief] discussed this with the troops in order to foster confidence in the Army?

[Yutthana] We have not discussed that.

[KHAO THAHAN BOK] How does the military feel about this reshuffle?

[Yutthana] We will wait and see what happens.

[KHAO THAHAN BOK] What are the chances of a reshuffle before the regularly scheduled reshuffle?

[Yutthana] I can't answer that.

[KHAO THAHAN BOK] The military has said that it will cooperate with the investigation committee. Has the RTA CINC promised to provide information, too?

[Yutthana] He has already turned over all the documents. As for whether he will appear in person, I haven't heard him say anything about that.

[KHAO THAHAN BOK] What does the Army think about the government's plan to establish a police riot-suppression unit?

[Yutthana] The military has not discussed that. Putting down riots is already the job of the police. But if the police can't handle the situation, they will probably have to ask for military forces. I think that this is the general operating principle. If something threatens to get out of hand and there could be riots, we will probably have to help put a stop to it.

[KHAO THAHAN BOK] The prime minister has called on the people to rise up and oppose coups. Has the military talked about this?

[Yutthana] I haven't heard anyone discuss that.

[KHAO THAHAN BOK] When will the RTA CINC start work as usual and allow reporters to interview him?

[Yutthana] From what I have heard him say, the RTA CINC has said that if he says anything at this time, it could lead to conflicts. Thus, it's better if he keeps quiet for the time being. As for how long this situation will last, I can't say.

[KHAO THAHAN BOK] Parliament has concluded that the military overreacted during the "Black May" events. What is your view on that?

[Yutthana] I look at that from another angle. If the military had not acted, the situation could have grown even worse. That is my view.

[KHAO THAHAN BOK] The fact that leaders such as the prime minister have urged the people to oppose coups shows that the people still distrust the military, isn't that right?

[Yutthana] I don't know what his views are. But he has said that the military itself doesn't want to stage a coup. No one wants to stage a coup. Staging a coup is not easy. There must be a reason for doing that. There must be something to provoke that. That's not something that's easy to do.

[KHAO THAHAN BOK] Some military officers have stated that they disagree with the recent actions taken by the military. What do you think about that?

[Yutthana] There are many factions. Everyone has his own opinion. I don't know how to answer your question. It's a matter of what each person thinks. But that does not mean that there are conflicts. In taking action, sometimes mistakes are made. Not everything that is done is right. It's the same for civilian officials. Not everything that they do is always correct. Sometimes they make mistakes.

[KHAO THAHAN BOK] There have been reports that approximately 500 military officers have asked the minister of defense to reshuffle the military commanders during the period of the investigation.

[Yutthana] I have not seen any evidence of that. There have been only rumors. But I don't think it would be easy for more than 500 officers to sign such a petition. I don't think that that rumor is true. As far as the Army is concerned, I haven't heard anyone say anything about this. This matter has not been investigated.

[KHAO THAHAN BOK] It has been said that steps will be taken to prevent losses such as those that were suffered during the recent events. What measures will be implemented?

[Yutthana] That probably has to do with equipment.

[KHAO THAHAN BOK] Does that mean that soldiers will not be used to suppress rioters?

[Yutthana] That seems to be the policy of the government. The government has said that the police should be equipped to put down riots.

[KHAO THAHAN BOK] A police riot-suppression unit will be established, and the role of the Capital Peacekeeping Force will be reduced. Does that mean that the Capital Peacekeeping Force will have only a limited role to play in the future?

[Yutthana] That's possible. If the the police do a good job, there may be a special police unit responsible for suppressing riots. I don't yet have a clear picture, but that's quite possible.

[KHAO THAHAN BOK] As for the military, if the investigation finds that the military used excessive force, that blame should be fixed, and that people should be transferred, what will be the military's view?

[Yutthana] The military will have to obey orders even if that means transferring commanders. In principle, commanders have to take responsibility for what happens. If a mistake is made, commanders have to accept responsibility. [passage omitted]

## ECONOMIC

### Securities Commissioner on Market Regulations, Outlook

92SE0359A Bangkok LAK THAI in Thai  
9-14 Aug 92 pp 32-34

[Exclusive interview with Securities Exchange Regulatory Commissioner Dr. Maruai Phadungsit; date and place not given]

[Text] [LAK THAI] What has the situation on the securities market been like during the past 6 months?

[Maruai] During the first 6 months of the year, the securities market has undergone major fluctuations due mainly to political events. But viewed from the standpoint of average trading volume, things are still satisfactory.

The average daily trading value has been about 5 billion baht. And it can be seen that with respect to carrying out the things stipulated, things have been done in accord with plans formulated, including the two rounds of trading on 17 July and the implementation of a "scripless" share consignment system, which will be put into place on the 15th. These things are in accord with the plans. There shouldn't be any problems.

Based on the Securities Exchange Regulatory Commission Law, we are drafting a new regulation on approving new securities. In accord with the new Securities and Securities Exchange Act, this will be submitted to the Securities Exchange Regulatory Commission [SERC] for approval. If it approves this and this is put into effect, this will be in accord with that new act. For securities submitted after 16 May, if the SERC approves this in principle, the Securities Exchange Commission [SEC] will be able to approve securities without this having to be approved by the SERC. The new law calls for the securities exchange to have greater flexibility in carrying on things. There will be greater flexibility and more regulatory freedom. For example, approving new securities, removing securities, and carrying out other tasks will be handled by the SEC. Such matters will not have to be submitted to the SERC.

[LAK THAI] In the past, the steps in securities approvals included having the matter approved by the SEC and then forwarding the matter to the Ministry of Finance for approval by the minister. After that, the matter was sent back to the SEC.

[Maruai] According to the new act, companies that want to sell shares to the public must register with the SERC. And according to the stipulations for registering with the SERC, the company must be a public company. After the SERC has approved the sale of shares to the public, it's up to the company to decide where to sell its shares. It can sell them on the OTC market or on the securities exchange. The

matter must be submitted for consideration based on the regulations of each body. For example, if a company wants to sell shares on the securities exchange, it must submit the matter to the securities exchange for consideration based on the regulations stipulated. It can be seen that there are two steps in considering such matters. But if this is a new stock offering, the company must receive permission from the SERC. If stock is changing hands, it depends on where it is being sold. Things will depend on the regulations of that market.

Thus, even if a company has been approved by the SERC, the SEC doesn't have to admit them. This depends on whether that company meets the conditions stipulated by the securities exchange. Normally, the companies on the securities exchange are larger than those on the OTC market. The conditions set by the OTC are looser than those of the securities exchange, particularly regarding size. If a company has received approval from the SERC but is not large enough, it can trade on the OTC. After it has traded on the OTC for a period and has the qualifications necessary to trade on the securities exchange, it can move there. But the law stipulates that the shares of a company cannot be traded on both markets simultaneously, that is, there cannot be cross market trading.

[LAK THAI] For the OTC, the law does not stipulate how many places can be established.

[Maruai] That's right. It doesn't. But there are conditions in establishing securities companies composed of 15 or more places. They can request permission from the SERC. The SERC is the body that will consider authorizing this. The SERC will consider the details. That is, after the matter has been submitted, the SERC will consider granting permission. The SERC is now working on the details concerning qualifications.

The role and duties of the SERC are similar to those of the Ministry of Finance. It can be seen that under the old law, it approving securities, the matter had to be submitted to the Ministry of Finance. But under the new law, the matter will be submitted to the SERC instead. The SERC may feel that the shares of a company are unsuitable, or it may hold a different view than that of the securities exchange. Thus, in considering approving the shares of a company submitted prior to 16 May, the old criteria and stages will be used. But in authorizing trading, instead of sending the matter to the minister of finance for a final determination, the final determination will be made by the SERC.

In approving shares of companies submitted prior to 16 May before the new law went into effect, we will continue to use the criteria used by the securities exchange in its initial deliberations. But even if a company submitted a request before the new law went into effect, it must meet all the conditions.

In cases in which requests submitted prior to 16 May were rejected, when the company resubmits the request, it must meet the criteria of the new law. The company's qualifications must be in accord with the draft regulations on approving new securities, which are now being prepared for approval by the SERC.

[LAK THAI] Regarding investments in the stock market, what do you think will be the direction of the stock market in the last 6 months of the year?

[Maruai] In investing in the stock market, investors must consider the following factors:

First, They must look at the economic situation. Following all the political turmoil, Thailand's economic situation should improve. The grow rate is about 7.5 percent, which is a very good rate when compared with that of other countries in this region. The exception is China, whose economic growth rate is in double digits.

Second, our monetary liquidity is very good. Because foreign interest rates have declined, domestic interest rates won't be able to remain high. When money flows in, monetary liquidity will increase, which is another positive factor.

Third, politics is another important variable that has been having an effect since 1991. But things are becoming clearer now. The political trend is toward democracy. The political changes that occur will be within the framework of a democratic system. Thus, the effects on the economy should not be too great.

Fourth, the earnings of the companies on the securities exchange are increasing. The results of the first quarter were very good. Earnings should at least equal those of last year.

Fifth, foreign investment has slowed, because foreign investors are waiting to see what political changes will be made. If the political changes are positive, investors will probably return. And if company earnings are good, investors will profit.

Sixth, the stability of the securities exchange will probably improve. This is because there is more institutional investing, including investing by new mutual funds and foreign investors, most of whom are long-term investors. Also, the Ministry of Commerce has revised the investment rules for insurance companies, which makes it possible for them to invest more in the securities market. All of these things will help increase the stability of the securities market.

In short, if things turn out this way, during the next 6 months, the securities market should be more stable. But Thai investors will probably remain cautious about investing more. That is, in making investments, they will have to consider the basic factors and be careful about buying stocks that are already overpriced.

Thailand's stock market is an international market. Events elsewhere in the world affect Thailand's stock market. Thus, people must be careful when investing.

[LAK THAI] It's said that Thailand's stock market is not as interesting as it was in the past.

[Maruai] That's when you compare it with foreign stock markets. I once said that once the stock market became an international market, before foreigners will invest, they will look to see which market will give them the highest

return, what the economic situation is, and if the political situation is stable. And before investing, they will look to see if the stocks are overpriced in comparison to earnings. If the PE [price earnings] ratio is higher than that of foreign markets, they will transfer their money to another market that has a lower PE and that gives them a higher return.

Thus, we can't expect the price of shares on the Thai stock market to keep rising indefinitely, because foreign stock markets will make adjustments and create a balance. Foreign capital will flow to markets where shares are cheap, where there is political stability, where the economy is good, and where the rate of return is good.

Something else that must be considered is the effect stemming from oil price adjustments. This is because a rise in the price of oil will result in a rise in production costs. The savings of the people will decline, because they will be forced to spend more. Thailand would have to spend more on gasoline. But other countries would have to spend more on energy to generate heat.

[LAK THAI] What about the disputes between the securities exchange and the SERC, particularly the dispute over the issue of investigating share churning.

[Maruai] I don't think that there are any conflicts. We have constantly discussed matters. The operations of the securities exchange will become easier under the control of the new law. Examining the details will be the duty of the SERC. This will reduce the burden on the securities exchange.

As for the matter of share churning, it will be the securities exchange that conducts the initial investigation. If there is anything unusual about the trading, they will inform the SERC so that the SERC can investigate the matter in detail. The SERC will have greater authority in conducting investigations, and the SERC will be responsible for filing charges when a violation has been committed.

The securities exchange and the SERC will coordinate things in conducting investigations. But the SERC will not investigate things on a daily basis. That will be the responsibility of the securities exchange. If the securities exchange feels that a violation has been committed, it will refer the matter to the SERC for consideration and a detailed investigation. Under the new law, in conducting detailed investigations, the SERC has rather broad powers. Measures for protecting investors will be under the control of the SERC, too.

As for protective measures, the securities exchange already affords protection to investors. These are referred to as preventive measures. That is, before companies can sell shares to people, they must first be examined by the SERC. One condition is that they must be public companies that have been looked at by the SERC. And those that want to be listed on the securities exchange must follow the regulations and meet the conditions stipulated. This will help protect investors.

Thus, when a company is listed on the securities exchange, the exchange will conduct an investigation. And if trading is abnormal, it will conduct an investigation. If it is

suspected that a violation has been committed, the matter will be turned over to the SERC for consideration and further action. In short, the measures for protecting investors under the new law are much better than before.

[LAK THAI] Will it be possible to reveal the identities of the violators?

[Maruai] According to universal principles, even in the United States, the Securities Exchange Commission refrains from saying anything during the time that the matter is under investigation. The facts are not revealed until after the investigation has been completed or until charges have been filed.

Take the Chao Thai case as an example. The facts of the case were revealed because a charge had been filed in accord with the Criminal Code.

But no matter how good the laws or measures, it's impossible to provide full protection. I think that the best way to help develop our country's stock market is that all elements of the stock market, including the securities exchange, brokers, companies registered on the market, and investors must have a code of conduct. I think that we must stress this if the stock market is to function properly.

#### Textile Association Chair Views Export Picture

92SE0358A Bangkok LAK THAI in Thai  
15-21 Aug 92 pp 24, 25

[Exclusive interview with Chairman of the Thai Association of Apparel Manufacturers Wirot Amtakunchai, date and place not given]

[Excerpts] Exports are the heart of Thailand's economy today, and the target is to constantly increase exports. But there are many problems and obstacles that are preventing Thai exports from hitting the targets set. In particular are the effects of various things that have happened during the past 2-3 years, including the war in the Middle East, the country's image in the wake of the coup, trade protectionist problems, and, most recently, the effects stemming from the terrible events of May. [passage omitted]

[LAK THAI] Why has the target for exports been lowered?

[Wirot] An important reason why we have had to lower the original export target of 102 million set at the beginning of the year to 100 billion baht is, as you know, because of the value added tax system. Actually, our group of textile exporters, which has about 400 members, fully supports this tax system. A value added tax is good, because it will enable us to eliminate tax evasion. This is a real standard of business operations. But it leads to delays in refunding sales taxes that by law must be paid to the state.

As for refunding taxes to exporters, the government itself has stipulated that this money must be refunded within 1 month after raw materials used to produce textiles are imported. We have to pay the government, in advance, an amount equal to 7 percent of the value of the materials imported. But in actual practice, the money is not being fully refunded even after 4 months. Exporters have had to pay the Customs Department more than 3 billion baht in

value added taxes. That is not very much when compared with the export figures. But this has great meaning for the exporters, because that money could be used to expand production capacity. Usually, the textile plants have to expand their production capacity every year. That depends on how much the plants plan to expand, but it will be at least 5 percent depending on the rate of growth of demand for textiles on world markets. Because large amounts of our money are tied up, the plants have had to lower their export targets, because they don't have the money to expand production capacity. Thus, exporters are just trying to fill the orders of existing customers and aren't really trying to find additional orders.

[LAK THAI] Why is the reason for the delay?

[Wirot] It is because of Ministry of Finance regulations, beginning with raw materials imports. That is, based on the amount of materials imported, you have to put up a certain amount of cash in order to guarantee imports. You have to put up 7 percent of the cost of the goods imported. Since the beginning of the year, we have imported materials worth approximately 25 billion baht. We have had to deposit 7 percent of that amount with the Customs Department. There is one fact that I would like to make everyone aware of and that has to do with foreign companies investing together with Thais in the textile industry in order to export textiles. They have avoided things and constantly taken money out of the country. It's very easy for them. What they do is say that the prices of the imported materials are higher than normal. Suppose that the cost of imported raw materials is 100 baht. They will tell the Customs Department that the materials cost 200 baht. They tell the department that the price is higher, because the difference is part of the profit that they can legally take out of the country. And there is nothing that can be done about this.

This has a real effect on Thai exporters, because when they buy or import raw materials, they state the actual price. For example, if the materials cost 100 baht, they will say 100 baht. But the Customs Department doesn't believe them, because as compared with the cost of similar materials imported by joint companies, the costs are very different. And so the Customs Department raises the cost ratio. And what hurts is that it bases its charges on the costs stated by the foreign companies. As a result, Thai exporters have to use that rate, with the result that they have to pay an effective value added tax rate of 14 percent, which greatly increases the burden on the exporters.

Another important problem that the government should try to solve is that there are not enough officials. Today, the Ministry of Finance has only one team of officials responsible for handling this work. That is, when raw materials are imported and the tax of 7 percent is paid, when people ask for the money back, they have to wait for officials to come check the inventory of materials to see if those materials actually are being used to produce goods in order to compile documents on refunding the money. There is only one team of officials responsible for this work. But they have to inspect a thousand companies, because they aren't responsible for checking only textile

companies. They also have to check shoe, luggage, and other companies. Thus, it's impossible for people to get their money back in 1 month as stated. In some cases, it takes 3 months for officials to make an inspection. Thus, the entire system is log jammed.

[LAK THAI] How can this problem be solved?

[Wirot] We once asked the Ministry of Finance, or the Revenue Department, to solve this problem, because we want to get our money back faster so that we can use it to pay other expenses. But the matter became stuck in the Revenue Department. We have now asked the Ministry of Finance to look into this. But I don't know when action will be taken. I would like to ask the Ministry of Commerce, specifically the minister, to discuss this with the minister of finance. Unless action is taken soon to get this capital back into circulation, the situation will become difficult for us, and we certainly won't be able to hit the export targets. I want people to know about the difficulties that we are experiencing. Today, the small export plants need approximately 10 million baht in revolving capital in order to pay the value added tax. The large plants need at least 20 million baht. Our membership numbers more than 400 plants. The exports of these plants account for at least 85 percent of total exports by all such plants. Wouldn't it be better to use the money that is now tied up to expand our operations? We could use that money to hire small factories or row-house factories to produce and assemble parts. But because we don't have the money, we can't expand operations. The small factories don't have any work and may not be able to survive.

What should be done immediately in order to solve this problem is that the government should compromise by allowing us to use bank guarantees to pay the tax owed the government instead of having to put up cash. That would do a lot to help alleviate the problem. Letters of credit use bank guarantees. The problem is really very simple and so the Ministry of Finance should be able to take quick action. It just depends on whether it will do so. I don't see anything difficult about this.

[LAK THAI] Why don't you purchase domestic raw materials?

[Wirot] Domestic nylon is more expensive than imported nylon. This is because the duty on the raw materials used to produce nylon is very high. In producing textiles, we can't buy only domestic raw materials. If we buy large quantities, the apparel producers will thrive, but exporters will find themselves in trouble because of high costs. They will not be able to compete abroad. Do you know that domestic nylon costs about 30 percent more than foreign nylon?

[LAK THAI] What do you think the future holds for textiles?

[Wirot] If the internal problems are solved, the situation will improve. The textile industry is not afraid of what is happening in the world. This is clear from what is happening in the Persian Gulf, in Bosnia, and in Europe. We are not afraid of those things. Last year, we hit our export

target of 87 billion baht. This year, the target was 102 billion baht, but this has had to be lowered because of the problems discussed above.

The question is whether exports will grow. I am sure they will, but by how much depends on our ability to penetrate markets. We have begun to penetrate the Japanese market. All of the goods exported there are brand-name goods. But I have to warn exporters that if they aren't sure, they shouldn't try to penetrate that market, because Japan is very strict with respect to customers. The goods must be of high quality before they will accept them. And exporters must be content with small orders. Japan orders small quantities. They may order lots of approximately 2,000 dozen, or at most 10,000 dozen. But even though the orders are small, they pay a much higher price than Europe or the United States. We have to take things step by step. Six years ago, we exported goods worth only 150 million baht. By 1991 that figure had skyrocketed to 7 billion baht. This year, the target is 10 billion baht.

[LAK THAI] Who are our main competitors on world markets?

[Wirot] We are keeping an eye on China and Indonesia, which are hard on our heels. But in my view, if we keep moving ahead, there is no way for them to catch up with us. This is the case even though they have favorable factors, such as lower labor and land costs than us. For example, wages in China and Indonesia are about 30-40 baht and 25-30 baht per day respectively as compared with 115 baht in Thailand. But quality is very different. One of our workers is equal to two of theirs. Hong Kong, for example, once said that one Hong Kong worker was equal to 1.8 Thai workers.

[LAK THAI] Which types of textiles will earn the most?

[Wirot] In the past, it was warm-up suits or sports apparel. We used to export 4 million suits. But then the United States imposed quotas and so we turned to producing other things. Today, polo shirts or V-necked shirts, particularly those made of cotton, are in demand. They are now taking all that our factories can produce, because there is no quota on these.

[LAK THAI] What are the advantages and disadvantages of quotas?

[Wirot] I would like to point out that the advantages of quotas outweigh the disadvantages even though people may view this as protectionism. Several decades ago, there were no quotas anywhere in the world. The United States was ordering large quantities of nightgowns from us. We were exporting large quantities and so most Thai producers turned to producing nightgowns. No one thought about developing and producing other types of apparel or looking for orders for other types of goods. Then the United States realized that it could not put up with this and so it imposed quotas on us. Because of that, producers here began producing other types of apparel. If the United States had not imposed quotas, we would still be producing mainly nightgowns. Our textile industry would not have developed as much as it has. Today, the United States has imposed quotas on more than 20 of our textile products. But there aren't any problems. We still have many other types of goods for which there are no quotas. Also, Japan has not imposed any import quotas on textiles.

Something else that is important about quotas is that they prevent markets from becoming flooded. China, for example, produces larger quantities of textiles than Thailand, but it can't sell more than us because of the quotas set by the importers. No matter how much they produce, sales cannot exceed the quota.

## POLITICAL

### City Official Interviewed on Renovation in Party Proselytizing Work

922E0200B Hanoi Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 6 Aug 92 pp 1, 5

[Interview with Nguyen Van Hanh (Tam Dan), member of the Standing Committee of the Municipal CPV Committee, head of the Mass Agitation Committee of the Municipal CPV Committee, chairman of the Municipal Fatherland Front Committee, by Tran Loc; date and place not given]

[Excerpts] Editor's note: The resolution of the Eighth Plenum of the CPV Central Committee (Sixth Term) on "renovating the mass work of the party and strengthening relations between the party and the people" was implemented more than 2 years ago. [passage omitted] In reality, the party's mass work at the primary level is still encountering a number of difficulties, and the lack of synchronization in implementing the resolutions of the party and state is hindering mass work. From this viewpoint, a SAIGON GIAI PHONG reporter interviewed Nguyen Van Hanh (Tam Dan), a member of the Standing Committee of the Municipal CPV Committee, the head of the Mass Agitation Committee of the Municipal CPV Committee, and the chairman of the Municipal Fatherland Front Committee.

[SAIGON GIAI PHONG] As the head of the Municipal CPV Mass Agitation Committee and Fatherland Front Committee, what steps have the party committee echelons in the city taken to renovate and strengthen party leadership with respect to mass work and strengthen the relationship between the party and the people? What have been the results of the mass mobilization activities in the city?

[Hanh] Since the promulgation of the resolution of the Eighth Plenum of the CPV Central Committee, Sixth Term, party committee echelons from the city to the bases have notably improved work methods, given more attention to mass work, and increased the number of cadres for the front and mass organizations. The party base organizations have begun to make changes and assigned party members to carry on mass work. The Municipal CPV Committee issued Resolution 11 to help solidify the party base organizations. When implementing this resolution, the party members, party chapters, and party committees have engaged in self-criticism and acknowledged their shortcomings before the people and promised to correct these things, giving the people greater confidence. From the Municipal CPV Committee to the party chapters, everyone is concerned about the standard of living, jobs, living conditions, travel, education, and health of the people, particularly the poor laborers. During the past 2 years, the Municipal CPV Committee has launched a movement to build friendship houses and improve living conditions in the poor wards. The people support the projects to eliminate poverty in the suburbs and outlying wards. Political activities are now more democratic, with clear examples of this being the campaign to contribute ideas to the proceedings of the seventh party congress, the

revision of the 1980 constitution, and most recently, the selection of delegates to the National Assembly, Ninth Term.

As for the administration, from the Municipal People's Committee to the wards and districts and the subwards and villages, administrative procedures have been improved to reduce problems for the people. The Municipal People's Committee has launched a "Four Mobilizations" campaign. Few results have been achieved to date, but this has had a good effect on the masses.

During the past 2 years, the mass organizations and fatherland front at all echelons have become involved in renovating their operating methods, reducing bureaucratic practices, varying the forms used to assemble the masses, stepping up social activities such as giving aid, reducing poverty, giving scholarships to poor students who have done well in their studies, and looking after the poor families of war invalids and war dead.

The armed forces have restored the mass work tradition of Uncle Ho soldiers. The Gia Dinh Regiment, 9th Division, have carried out programs to help the people build roads, repair bridges, and prevent and control the spread of brown planthoppers. The public security forces, too, have carried out social programs and are becoming closer to the people.

[SAIGON GIAI PHONG] Many people say that the party's renovation on mass work has been carried on only at the municipal level and that at the primary level, the party really isn't very close to the people and so a strong mass movement hasn't been created.

[Hanh] The results of the mass mobilization work of the municipal party organization are just a start. At a time when production and life are encountering many difficulties, discipline is loose, there are many negative aspects in society and in state organizations, and the people have many doubts and worries, the people's confidence in the party has at times and in some places declined to a certain degree. The reason why our city has not yet launched a strong mass movement is that the sectors, echelons, mass organizations, and state organizations have not taken synchronized action in mass work. Many administrative organizations and economic units and many party members have not carried on mass work well. Many party committee echelons continue to assign this work to party committee members and mass organizations. But the mass organizations are weak in terms of both quality and size. There are zones and population centers where the mass organizations have not penetrated the masses. In the private economic sector and in joint ventures with other countries, there are no mass organizations. The Municipal CPV Committee lacks supervisory measures in order to lead the entire political system in carrying on mass work. In assigning party cadres to carry on mass agitation work, the mass organizations are not up to the requirements of mass work in the renovation period, particularly in the subwards and villages. The organization of the Mass Agitation Committee of the Municipal CPV Committee has not been improved, and because of this it does not

have the ability to serve as the staff for the Municipal CPV Committee with respect to mass work. The mass agitation apparatus in the wards and districts has not been unified, and it cannot fulfill the work requirements of the wards and districts.

[SAIGON GIAI PHONG] Party members and primary level party committee echelons say that the reason why the city's mass movement is not strong is that in the past the Municipal CPV Committee and the ward and district party committees have spent much time leading the economy but have not spent an equal amount of time on leading mass work.

[Hanh] The process of mobilizing the masses is taking place among the people at the work places of the organizations and enterprises. Whenever things become difficult, there are party members, youth union members, association members, and the mass work will be carried on well mostly by the party organizations, mass organizations, and front organizations at the base level. Recently, the Municipal CPV Committee reviewed the past 2 years of implementing the resolution of the Eighth Plenum of the Central Committee (sixth term) on mass work. They engaged in self-criticism, saying that its leadership and guidance was not equal to the requirements of the mass mobilization work and that not enough time had been spent on this important task. Because of this, the Municipal CPV Committee has not mobilized the strength of the entire political system, specifically all the party members and the entire administrative system, in carrying on mass work.

[SAIGON GIAI PHONG] Many people say that if the party wants to carry on mass activities well and maintain a close relationship with the people, the key element today is that the party and state must purify the party and state apparatus, uphold the laws strictly, and have discipline in society. What is your view on this?

[Hanh] If the positions and policies of the party and state are correct and in accord with the wishes of the people, that will be a motive force in promoting the mass work of the party. If they are not, they will be a hindrance. In my view, having the party committee echelons examine the implementation of the resolution of the eighth plenum means examining the positions and policies of the party and state in order to discover what is wrong so that higher echelons can correct the mistakes promptly. The mass organizations and fatherland front must do this, too. If the policies and activities in a locality are contrary to the positions and policies of the state and contrary to the law, this must be discussed with the local party committee echelons and authorities in order to correct things.

A current problem about which the masses are very concerned is the problem of corruption in state organizations. In meetings with candidates for election to the National Assembly, Ninth Term, many voters said that this is a "national calamity." The party and state have implemented policies to fight corruption, bribery, and smuggling. These policies are correct and in accord with the wishes of the people, but the implementation of these policies has not achieved the desired results. This has

posed a great hindrance to mass mobilization work and affected the people's confidence in the party and state. We will raise this issue in the National Assembly, Ninth Term, so that the National Assembly can find effective ways to stop this and mete out harsh punishments.

[SAIGON GIAI PHONG] In order to further strengthen the relationship between the party and the people, in your view, in the coming period to which problems must the party committee echelons and mass organizations give attention?

[Hanh] Above all, the party committee echelons, from the city to the bases, must arrange to meet regularly with the masses in order to listen to their ideas. At the same time, the party committee echelons must give attention to the reports of the mass organizations concerning the situation of the masses and provide timely and close guidance with respect to mass mobilization work. The party committee echelons must assign tasks to all the party members who hold positions and to retired party members so that they can participate directly in mass work in the street, ward, and hamlet teams and in the organization and enterprises units.

The mass organizations and front must summarize their experiences in renovating activities in the past period and recognize the good examples in order to expand activities. They must participate in social activities. Attention must be given to overcoming the shortcomings of the past period, including the failure to penetrate the private enterprise sector and the joint venture sector with other countries and the failure to find suitable ways to get the laboring people into the organizations in order to protect their legal rights. It must be made clear to the owners of the private enterprises that organizing mass organizations in the private enterprises is an essential requirement that will benefit both the owners and the workers. Recent experiences in a number of private enterprises that have organized mass organizations have proven this to be true. Another requirement for the mass organizations is that they must carry out their function of monitoring the state agencies to see if they are implementing the laws. In the past period, the organizations and front have not performed this function very well, and they have not really represented the masses. Because of this, they have not been able to persuade or assemble the masses. There must be a law concerning the relationship between the mass organizations, the people's committees, and the National Assembly in order to truly carry out the function of monitoring things instead of doing things in just a formal manner, which has been the case for a long time.

#### **Human Factor in Renovation Work Cited**

922E0200A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 5 Aug 92 p 1

[Article by Nguyen Dinh Thuan, Nguyen Dinh Chinh Road, Phu Nhuan]

[Text] The percentage of the population that voted for candidates to the National Assembly, Ninth Term, is strong proof of the special importance of all the people in

selecting delegates with the capabilities, standards, and especially the qualities necessary to make positive contributions in renovating the country in order to hit the target of having a prosperous people and a strong country.

According to the new constitution, the tasks and powers of the National Assembly are very broad. This includes its power to monitor the activities of the government and to select people to run the state apparatus.

Here, I want to talk only about the human factor, the factor that will determine the success or failure of the policies put forth.

In recent years, through the press, people have learned that many negative acts have been committed by a number of degenerate elements who have managed to slip into the administration and implement secret plots in conjunction with unscrupulous people. Opportunists outside have appropriated not only public funds but also public property worth hundreds of billions of dong along with large amounts of foreign currency and gold.

The reason is easy to understand: The laws that have been promulgated contain many shortcomings and loopholes. In particular, factionalism is a problem. Those who belong to the same faction prosper; those who are disliked fall by the wayside.

Thus, in the present stage, all the people are waiting and placing their trust in the powers and effective activities of the National Assembly in order to block violations of state laws that all citizens must obey.

In my view, at the present time, there are many capable people who can help the country create stability for the present stage, which is filled with difficulties and obstacles, in order to hit the target of finding people worthy of bearing the public burden. We must abandon individual sentiments and factional thinking and choose the right people.

This is an essential condition that cannot be ignored, as in our selection of delegates to the National Assembly, Ninth Term, on 19 July 1992.

### **Party Renovation, Reorganization Discussed**

922E0201A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 12 Aug 92 pp 1, 5

[Excerpts] [Passage omitted] The Fifth Municipal Party Organization Congress determined that renovating and reorganizing the party is a very important, urgent, basic, regular, and long-term task. One of the requirements to ensure that this task is completed is to reorganize the party base organizations and overcome the weaknesses of the party base organizations. This pressing task was mentioned once again at the third plenum of the Central Committee on renovating and reorganizing the party.

The party base organizations are the cells of the party apparatus. [passage omitted] The party base organizations are the most sensitive elements for judging the correctness or erroneousness of the policies and lines in order to

propose rational adjustments. The party cannot be strong if the party base organizations are passive and lack a combat spirit.

According to the party building report given at the Fifth Municipal Party Organization Congress, the base organizations of the party organization lack the strength to carry out the tasks of the party in shifting the economic management mechanism from bureaucratic centralism and state subsidies to a market mechanism and renovating the leadership themes and formulas of the party in the new situation. Many party bases are weak and slow in carrying on activities. The party base organizations in the subwards and villages are confused about how to organize and lead things in implementing the political tasks, and the quality of the activities is poor. The quality of the party organizations at the commercial production installations is in general poor. Party work at a number of administrative organizations lacks direction and is even slighted.

In order to overcome the above situation, the Fifth Municipal Party Organization Congress put forth four requirements in order to reorganize the party base organizations- [passage omitted] The relationship between party leadership and state management must be clearly defined based on affirming the leadership role of the party organizations with respect to politics, ideology, and organization. A second requirement that is just as important is to renovate and improve the quality of the contents of party activities. This is a basic factor for ensuring that the party organizations at the prime level become the living cells of the party and places that orient thinking, strengthen combat strength, and attract the intelligence of the party members. This is also the basis for satisfying the third requirement, building strong and pure party organizations.

But in order to build strong party base organizations, a very important requirement is to improve the quality of the party committee echelons. A weak party committee echelon cannot carry out the task of solidifying the party organizations and purifying the ranks of party members. The view that party base organizations can be ignored and that, because of this, selecting primary level party committee echelons can be slighted must be eliminated immediately. Only a strong party committee echelon will have the strength to build a strong party organization. Thus, building a party committee echelon with political capabilities, the ability to mobilize the masses and party members, and the ability to organize and implement things is one of the key requirements in order to improve the quality of the activities of the primary level party organizations.

Reorganizing the party base organizations is a regular, long-term, and difficult task. This requires resolution and an objective and scientific attitude on the part of all party echelons from the central echelon to the localities. Along with the responsibilities of the party organizations, each party member must regard this as his most important and pressing task as required by the resolutions of the Fifth Municipal Party Congress and third plenum of the Central Committee.

**Comments on Essential Task Regarding Party Reform, Renovation***922E0205a Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 21 Aug 92 pp 1,5*

[Unattributed article: "Renovating and Revamping the Party, the Immediate Key Task"]

[Text] The first half of 1992 has passed, marked by notable efforts. Although many acute difficulties still remain, the renovation undertaking initiated by our party has continued to proceed in the right direction and has developed in depth. Our country has firmly maintained its political stability. The economy has developed in some respects. Many new factors have appeared, creating a basis for us to extricate ourselves from the socioeconomic crisis step by step and to strive to make the people prosperous and the country strong along the socialist path.

These results are attributable to our party's success in bringing into full play the intellect and strength of the entire people in the cause of national renovation. Its political ability and its sense of independence and sovereignty have enabled our party to stand firm in the face of complicated changes and to persist in pursuing its objectives and ideals. This ability has been tempered in the process of the nation's protracted and courageous struggle. It has also been reflected in the party's spirit of basing itself on facts in search of the truth, in its courageous attitude of admitting and correcting mistakes, and in its sharp, creative ability to grasp the country's need for development and the people's aspirations.

However, in the face of the harsh trials in the new revolutionary stage, the party's interior has also showed many shortcomings and weaknesses, including very serious ones. A section of party members including those holding leading positions has degenerated politically, has vacillated, and has lost faith in the socialist objective and in the party-initiated renovation undertaking. In reality, there have been rightist opportunist ideas desirous of leading the country onto a different road. Another section of party members has become morally corrupt, has indulged in individualism and hedonism, and has regarded money as their *raison d'être*. There have been serious and protracted bureaucratism, corruption, and bribery. Many party members are weak in both theoretical capacity and practical ability and incapable of carrying out their tasks in the new situation. The contingent of cadres are understaffed and imbalanced. The party's organizational system is still unable to meet the demands of the new situation. In many places, party's activities have been made light of and discipline has been lax. The party's mass motivation work has not been renovated yet in a fundamental and uniform manner.

This situation is attributable to many causes, both subjective and objective, including the collapse of socialism in East Europe and the Soviet Union, and the effects of the market economy. But the most important cause has still been the shortcomings and mistakes in party-building work. First of all, it was the belittlement of Lenin's teaching about the dangers facing a ruling party,

namely the ills of Communist bureaucratism, ignorance, and arrogance. The party's ideological work has been slow in being renovated and has lacked both sharpness and militancy. The party's principles of organization and activities have been slackened and party discipline has not been strict. Cadre organization work has been done piecemeal, has lacked a strategic and scientific character, has heavily depended on feeling, and has often been tinted with the feudal "fief allocating and genie-title bestowing" practice. The party-building mechanism has not yet caught up with the development of the situation.

Our party is being faced with very great and weighty new demands of history. To fulfill the important tasks for the nation and people, our party must urgently renovate and revamp itself. The Resolution of the Third Plenum of the Seventh Party Central Committee stressed that this is a particularly important and pressing task of decisive significance to the entire cause of national construction defense and to the fate of our party. Therefore, this task must permeate all party bases, all party members, and the various mass organizations of the party; must be turned into a resolve of the entire party and people; and must be carried out with appropriate, scientific, principled, and serious steps.

To renovate and revamp the party is precisely to enhance its class nature and vanguard character, to ensure that the party is firm and strong politically and ideologically as well as organizationally, and that it has the knowledge, capability, and fighting strength that measure up to the tasks of the new revolutionary stage. This is not only an inherent need of the party but also a demand of life and the will and aspiration of the people.

**City Youth Union Meets To Review Work, Discuss Future Plans***922E0201B Ho Chi Minh City TUOI TRE in Vietnamese 13 Aug 92 pp 1, 2*

[Article by Luong Dan]

[Text] In order to prepare for the Sixth National Ho Chi Minh Communist Youth Union Congress, the Standing Committee of the Youth Union Central Committee held a plenum in Hanoi from 10 to 12 August 1992.

Evaluating the situation during the 5 years 1988-1992, those at the plenum said that a correct orientation had been set for the renovation of the union and the youth movement: to adhere more closely to life in the country and to the lives of youths, to focus on the primary level, and to practice greater democracy in youth union activities. Many new models and good methods have appeared and are appearing in the economic, social, and cultural spheres. Along with these positive things, the plenum also said that:

The organizational system, apparatus, and cadre ranks of the youth union are still weak, functions and tasks are not clear, and bureaucratism is still widespread. Because of this, the union does not have the ability to keep up with the renovation process of the country. The union lacks a strategy on cadres and youth work, and there are no major

positions and policies with the ability to create new motive forces. As a result, many cadres don't want to engage in youth mobilization activities. Little progress has been made in lowering the average age of the ranks of cadres or in preparing the cadres of the future.

The number and quality of youth union members has declined, as has the role and position of the youth union in the political system and among youths. The youth union presently has 2.5 million members, which is 12 percent of the total number of youths. In the highlands, remote areas, and non-state economic sectors, the number of youth union members accounts for a very low percentage of the total number of youths (2-3 percent). During the past several years, the youth union has grown by an average of only 300,000 members a year. Many youth union members are not close to the union, their political and social activeness has declined, and the dividing line between youth union members and youths is not clear. As for the targets and tasks during the period 1993-1997, the plenum proceedings mentioned four issues: to coordinate things with families, schools, and society to train youths and children so that they become good citizens; to point youths in the direction of economic and social development activities; to struggle against negative phenomena and social evils and protect the environment; to protect the legitimate interests of youths; and to build a strong youth union that can serve as the activist in forging solidarity and assembling all strata of youths.

As for renovating youth union organizations, the plenum mentioned strengthening social independence and self-control, strengthening the ability to represent and protect the rights and obligations of youths, and improving the quality of the cadres and youth union members. The general orientation is to organize youth union chapters by population zone, occupational sector, and study and work unit and not to rely on state organizational and administrative structures. Tests will be conducted in building a number of sector youth union organizations on a national or local scale in such sectors as the energy, rubber, posts, and customs sectors.

With respect to activities, at the national level, the union has drafted a number of programs: to borrow 2 billion [dong] from the state commission during the period 1992-1995 to create jobs and to provide capital to 10 provinces, with each province having 10 districts, in order to help youths find jobs; to build a number of youth economic zones to cultivate industrial crops in Lam Dong, Phu Yen, Son Tay, and Tuyen Quang; to organize activities to promote agriculture among rural youths; to establish production funds; and to promote a movement to motivate "Vietnamese to use Vietnamese goods." Unit organization and activities will be improved in ways suited to public and private schools and children who are not in school.

The plenum proposed that the state promulgate regulations on the relationship between the authorities and the youth union in carrying on activities. It also recommended that the state promulgate a youth law and that it establish a Youth Ministry or Ministry of Youth and Sports in order to look after youth activities.

The plenum discussed drafting and revising youth union statutes on many new points (we will report that in a coming issue).

Following this plenum, the youth union central committee will hold a general session from 14 to 18 August 1992 in preparation for the national youth union congress.

### **Vice Foreign Affairs Minister Interviewed on Cooperation with ASEAN**

922E0194A Ho Chi Minh City THOI BAO KINH TE  
SAIGON in Vietnamese 11-17 Jun 92 p 9

[Article by Dinh Hoang Thang]

[Text] Vice Minister for Foreign Affairs Nguyen Dy Nien was one of the eight officials at the vice ministerial level and corresponding levels, who, along with other members of the 19-member delegation composed of many heads of departments and institutes, professors, and specialists of various Vietnamese state organs, have just come back from Kuala Lumpur where they attended the second international seminar dubbed "Mutual Cooperation for Progress: Modernization of Vietnam and Cooperation With ASEAN" held from 21 through 23 May 1992. Attending the seminar were nearly 100 delegates and guests. The Vietnamese delegation was led by Council of Ministers Vice Chairman Nguyen Khanh. Upon his return to Hanoi, Vice Chairman for Foreign Affairs Nguyen Dy Nien granted our correspondent in Hanoi the following interview.

[TBKTSG] Please, vice minister, give your ultimate impression on this seminar as compared to last year's seminar?

[NIEN]The atmosphere of this seminar is entirely different from the first seminar held in Hanoi in August 1991. Last year, the delegations put forth many ideas for discussion, and the participants tried hard to defend their own arguments. This time around, although there were some differing views, the participants were, in general, eager to have a common voice on the debated topics, in order to achieve a maximum understanding for promoting cooperation.

[TBKTSG] What were the main topics discussed at the seminar?

[NIEN]The seminar focused on the following four issues: global changes and regional security; man, society, and system in national development; transfer of industry and economic modernization; and the framework of ASEAN cooperation and Vietnamese participation.

[TBKTSG] Our readers are interested in the common views of the delegations on the effect of the global changes on regional security. What is your opinion on this question?

[NIEN]Everyone admits that the recent global upside-down changes are enormously affecting all countries in the world and in this region, without exception. Suddenly there exists a "pleasant" paradox. While after more than 45 years of peace, Europe has yet to bid "farewell to arms," the Asian region, in the wake of the successive hot and cold wars, seems to become peaceful. The participants in the

seminar, who were well aware of this fact, held the same opinion that from now on, big powers outside the region should not be allowed to set up military bases in the countries in this region, nor should they directly interfere, especially by military means, in these countries' affairs.

Following the recent global changes, the independence character of each country has been enhanced. However, each country cannot develop its economy by itself, nor can it separate itself from regional security. All countries hold that regional security must henceforth be built comprehensively in the political, military, diplomatic, economic, and cultural domains. Regional cooperation has become a natural law of the present epoch in which economic cooperation is the most important basis for ensuring common cooperation and security and, at the same time, creating conditions for each country in its process of participating in a much wider global cooperation.

**[TBKTSG] How was the prospect for Vietnam's participation in and cooperation with ASEAN appraised at the seminar?**

Positively and favorably. This is, first of all, for the life-or-death interests of the countries in the region, and not because of the fact that Vietnam wishes to become an ASEAN member, or that ASEAN wishes to do business with Vietnam. The countries were unanimous in assessing the economic potential, cultural depth, and particularly the independence willpower and intellectual strength of the Vietnamese man. They believe that these basic factors are necessary for Vietnam to become, in a not distant future, one of the Asian dragons. It is the "dragon" concept which has predicted this happening. When this happens, Vietnam's participation in ASEAN will contribute to making the region even stronger.

**[TBKTSG] What will be the appropriate timeframe for Vietnam to join ASEAN?**

**[NIEN]** There are three schools of thought. The first thought holds that Vietnam could join ASEAN immediately without preconditions or without the need for prior preparations. It reasons that because ASEAN is not like the European Economic Community (EEC) in terms of cooperation regulations (which are loose and even more lively), Vietnam could join it any time. The second thought maintains that both ASEAN and Vietnam needs time, neither too short nor too long, for preparations. That thought is held by some scholars who argues that Vietnam needs to make economic and social preparations before it becomes a member of this organization. The third school of thought believes that Vietnam needs 15 to 17 years for preparations before it can join ASEAN. This opinion marks the year 2007 as a milestone—the year when ASEAN will undertake the establishment of a free economic zone—and points out that that timeframe is appropriate for Vietnam.

**[TBKTSG] Behind these thoughts, what are the obstacles to the prospect for Vietnam's participation in ASEAN? How did the exchange of views between our delegation and other friendly delegations take place?**

**[NIEN]** Not only behind, but even in these differing views, there were delegations which pointed out the obstacles to the prospect for Vietnam's becoming an ASEAN member. These obstacles are the issues of ideology, political regime, and degree of development.

The exchange of views between us and the friendly delegations was harmonious, reflecting the desire of all parties to find a "common answer" for this important issue. Finally, everyone admits that if ASEAN has been existing as a united entity, in which each country practices a separate religion—whether it be Confucianism, Buddhism or Muslim—or adopts a separate regime—whether it be a constitutional monarchy or a constitutional democracy—the question of ideology or political regime of each country is not an obstacle that cannot be surmounted to achieve cooperation.

But the question of degrees of development deserves reflection. We can visualize this situation: if two generators with different horsepower, capacities, and operational characteristics are to be integrated into a common power grid, it is obvious that each side needs some time to adjust itself. Only in this way will the safety and efficiency be ensured.

**[TBKTSG] May we ask one last question? Did the seminar set forth any license for solving this problem?**

**[NIEN]** No license was suggested. But the seminar did introduce methods of contact aimed at overcoming the difference in the degrees of development. Two methods of contact were proposed. The first method is the upper-down contact, meaning that Vietnam may enter into multilateral relations with ASEAN by, for instance, participating in the Bali treaty in July. This multilateral relationship would lead Vietnam to step by step involve itself into ASEAN's mechanism of dialogue. The second method is the bottom-up contact, meaning that Vietnam may push forward bilateral relations with each of the ASEAN countries to serve as a basis for multilateral relations.

The Vietnam-ASEAN relations may in the period to come be both bilateral and multilateral. They will be intertwined and mutually complemented and promoted so as to achieve development. As a result, the difference in the degrees of development can be gradually overcome. The two proposed methods of contact are of practical value at this juncture.

## MILITARY

### Article on Current Ideological, Theoretical Struggle

922E0197A Hanoi TAP CHI QUOC PHONG TOAN  
DAN in Vietnamese Jul 92 pp 7, 11

[Article by Major General Professor Tran Xuan Truong: "On the Current Ideological and Theoretical Struggle in Our Country (Studying and Thoroughly Understanding the Political Bureau Resolution on Ideological Work in the Current Period)"]

[Text] The Political Bureau Resolution on Theoretical Work in the Current Period dealt with many issues that the party's theoretical work must study and clarify in the cause of renovating the building of socialism. In this article I would like to concentrate on dissecting dogmatism, opportunism, and revisionism in the current ideological struggle in our country and party.

The Political Bureau resolution on theoretical work wrote: "It is necessary to constantly carry out the ideological and theoretical struggle as required by the cause of renovation. We must overcome dogmatism and empiricism; at the same time, we must oppose rightist deviationist opportunism and revisionism."

How should the above paragraph be understood? Surely, it is directed toward the struggle in our country. So, do these isms exist in our country at present? What do they look like? And what is the main thrust of the struggle?

It is true that in our party, for a fairly long time in the past, there used to exist a kind of dogmatism in every sense of the word. We dogmatically took in the Marxist-Leninist theory of socialist revolution, as the way to understand socialism, and as the path to socialism in the transitional period. This eventually led to mistakes in strategic guidance, gave rise to the ills of subjectivism and voluntarism, caused losses to the revolution, and resulted in a socioeconomic crisis from which we still have not yet been able to extricate ourselves.

Since the sixth party congress, we have criticized dogmatism and have taken the first steps in overcoming it; we have also begun renovating theoretical thinking and have put forward the renovation line, which has produced very important initial achievements. So, does dogmatism still exist in our party? In my opinion, at present there is no system of viewpoints seeking to keep intact the old theoretical thinking and opposing the renovation line. However, a dogmatism that has existed for many decades just cannot simply disappear without a trace. There still are fairly numerous manifestations of its remnants in our party's thinking and work style. These manifestations can be listed as follows:

- The old method of approaching and defending Marxism-Leninism, the simplistic affirmation of Marxist-Leninist principles, and the scholastic quoting from classicists which shows a desire to seek ready-made quotations as answers to current questions.
- Hesitating over renovation, pining for the "stability" of the old mechanism, and wanting to go back to the old work methods that are no longer suitable in view of the new negative features of the market mechanism, namely chaos, anarchy, the upsetting of social values, the decline of morality, corruption, pragmatic habits.... While the uneasiness, worry, and concern of cadres and party members about the new manifestations of negativism are legitimate, their tendency to return to the old ways of doing things is wrong.
- The relatively deep-rooted paternalistic style, the lack of democracy, and the absence of the habit of debating; unfavorable psychological reflexes in face of

new theses and new approaches to various theoretical problems, the refusal to listen to or the hasty rejection of such theses and approaches....

Are these remaining manifestations of dogmatism harmful? Yes, very much indeed, because they hamper the development of theoretical thinking at a time when practice is posing countless problems requiring theory to develop by leaps and bounds and to provide timely answers. Delays in resolving these problems and the triteness of the simplistic repetition of Marxism-Leninism have caused this ideology to lose its prestige among the masses, particularly in the intellectual circles, and have further caused apathy and aversion to politics, thereby unwittingly creating a favorable environment for the development of opportunism and revisionism. That is why the Political Bureau was quite right to set forth the task of continuing "to overcome dogmatism and empiricism."

Do rightist deviationist opportunism and revisionism already exist in our country? If we judge by the criteria that an ideology worthy of its name must be built on a system of viewpoints based on a definite world outlook and methodology, must exist in an organized group of party members, and must have influence on a definite number of the masses, then it can be said that there are not opportunism and revisionism yet in our country at this juncture. However, we can say that in our country and our party there have appeared incorrect theoretical tendencies that testify to the effects of some influence of the bourgeois and social democratic ideologies. At present, these tendencies are still scattered and unsystematic; but, judging from their developmental trend, if these tendencies combine and if we do not struggle against them when they have reached a certain level of development, then they may transform themselves into opportunism and revisionism. Therefore, we must resolutely oppose the influence of these tendencies right now. A number of our comrades have used the term "neodogmatism" in referring to such tendencies, but perhaps this term is not correct and accurate. We should frankly point out that they are essentially the outgrowths of modern opportunism and revisionism and we must "simultaneously oppose rightist deviationist opportunism and revisionism" as stated in the Political Bureau resolution.

It would not be appropriate for us to severely criticize the aforesaid tendencies while we are calling on the theoretical circles to give free rein to their thinking and boldly put forward new theoretical conceptions. However, in order to lead the theoretical and ideological struggle and to protect and develop our party's ideological foundation, we cannot help touching upon these tendencies and forecasting the dangers arising from rightist deviationist opportunism and revisionism; at the same time, we must continue to overcome the remaining shortcomings and mistakes caused by dogmatism. We must firmly grasp the historical experience in the theoretical and ideological struggle of our party as well as other communist parties, namely we must fight on two fronts simultaneously as the Political Bureau resolution has clearly pointed out. The report presented by Comrade Nguyen Duc Binh at the conference held to

promote a thorough understanding of the Political Bureau Resolution on Theoretical Work in the Current Period stated: "At this juncture, it is very necessary to oppose revisionism. This opposition is no less necessary—if not more so—than the opposition to conservatism and dogmatism."

In reassessing Marxism-Leninism, people will probably continue declaring their intention to protect that ideology; but if enough numbers of viewpoints of Marx, Engels, and Lenin are pronounced unsuitable, then, essentially there is not much left of the ideology to protect. Very often what counts is the quality, not the quantity, of an issue. For example, a mere rejection of the notion of abolishing the system of capitalist private ownership would mean the rejection of Marxism-Leninism itself, because that notion is the crux of the doctrine of surplus value and the theory of historical materialism. Naturally, we do not advocate abolishing the system of capitalist private ownership in a subjective, voluntaristic manner and with a total disregard for the concrete historical conditions of the level of socioeconomic development. The seventh party congress platform dealt with this important theoretical problem quite correctly when it put forward the policy of building a socialist-oriented multisectoral economic system in the period of transition to socialism in our country.<sup>1</sup>

Nowadays, with the exception of the anticommunists, traitors, and surrenderers, who openly reject Marxism-Leninism and realistic socialism, all trends toward criticizing Marxism-Leninism are developing in a very subtle and complex manner at many different levels. Mistakes may already occur even if one does nothing more than emphasizing, for the sake of enriching Marxism-Leninism, the need to learn from the achievements of "mankind" in social sciences and blunting the partisan sense of criticism. In ideological struggle, one may court disaster even if one only one-sidedly stresses opposition to dogmatism and the sclerosis of thinking, without any mention—or with only a superficial mention—of the need to take precautions against the dangers of rightist deviationist opportunism and revisionism. If we look squarely at the real situation, we cannot help but recognize the fact that in the theoretical circles, particularly among the specialized cadres of our state managerial apparatus—whom the West calls the "technocrats"—some unconscious "depoliticizing" and "ideological de-emphasizing" are taking place. Some people have apparently begun to feel uncomfortable when touching upon the divide between capitalism and socialism, when mentioning the terms class, class struggle, dictatorship of the proletariat, democratic centralism.... Some others seem to find it more enjoyable to talk about the computer science civilization, the interests of all mankind, modern managerial experience, democracy and the rule of law in general....

Thus, there is a struggle involving these tendencies and trends. However, this struggle is still in a simmering, covert, and secret state. This is abnormal, unhealthy, and may be even dangerous. In reality, people who share similar outlooks have been meeting, comparing notes, and

criticizing those who hold different views. And there have been surreptitious attempts at accusing one another of ideological deviationism.

It is necessary to end this unwholesome state of struggle. It is unwholesome because it is artificial and spurious, and because discordant or even opposing viewpoints will inevitably come out into the open sooner or later if they are not discussed now to distinguish right from wrong. I am afraid when that moment arrives, there would be an unmanageable and uncontrollable state of theoretical and ideological chaos in the party. Such intraparty chaos will unavoidably result in political disorientation among the people. This is what happened in the Soviet Union, and we must know how to draw our own lessons from it.

In this matter, we can still remember how seriously Lenin dealt with differences in theoretical and ideological viewpoints in the party because these viewpoints would directly result in divergent practical lines and policies, some of which must certainly be right and some wrong. And when talking about politics, we cannot help but institute principled, uncompromising debates because politics is related to millions of people and to the fate of the revolution.

For this reason, we should properly and scholarly carry out the intraparty ideological and theoretical struggle in the style of Lenin and Ho Chi Minh. We must struggle to find the truth and to enable theory to develop vigorously and steadily. Divergent theses should be allowed to be clearly expressed and their advocates should be allowed to debate in a sincere and civilized manner worthy of a party that has achieved political maturity and typifies the national intellect.

I would like to suggest that the party leadership directly guide this debate. For subjects of discussion, we can select some topics from the plans to discuss special issues arising from the implementation of the two major party and state projects at present, namely the 10 national-level social science research programs and the compilation of the textbooks on Marxism-Leninism and party history. A number of topics should be raised for discussion at the central level; typical members representing many different concepts should be brought together to exchange views and do research.

Governed by the same law of development as all other sciences, Marxism-Leninism and Ho Chi Minh thought cannot develop without democracy and the freedom of thought. In this debate, the truth may very probably be on the side of the minority and the right ideas may first appear as something jarring and unacceptable. Therefore, the leadership as well as all the debating sides should listen to, seek to understand, and respect all opinions, and should refrain from showing an impatient attitude or making hasty accusations. A wrong theory can only be overcome by a correct one. Perhaps the person who puts forward a wrong theory must also admit his mistake; but even if he refuses to do so, the majority can still see that he is wrong. Moreover, later on practice will play the most important decisive role in judging various theses. All attempts to

arbitrarily impose one's views will solve no problems; at times, they may add to the prestige of the wrong theories.

We do not accept the existence of different theoretical pluralism-style schools of thought in the party. In the party, there is only one ideological foundation, and that is Marxism-Leninism and Ho Chi Minh thought. But we may accept the existence of different schools of thought in theoretical debates, with schools of thought understood as being groups of theorists sharing similar approaches to various issues and holding similar viewpoints. This acceptance denotes nothing more than an extension of the Party Statutes principle of allowing the minority to retain their opinions in the area of theoretical discussion. However, if we talk about the right to preserve one's opinions, we must also mention the principle of democratic centralism in the field of Marxist-Leninist theoretical research. Marxism-Leninism is a science, but this is a special science—the science of ideology and world outlook—serving as the direct basis of political lines. For this reason, it differs from the natural and technical sciences in which different schools of thought are free to publicize and disseminate the essence of their viewpoints. In the domain of Marxist-Leninist theory, unrestricted publication and open propagation of different viewpoints through the mass media and on lecture hall daises are unacceptable because they would give the forces currently carrying out the peaceful evolution strategy an unmatched weapon to attack us. This would lead to ideological chaos and political instability not only in the party but also in society. As we have already learned the lessons about the destructive effects of the “glasnost” policy in the Soviet Union, we should not follow in the rut of that overturned cart.

So, there is an important difference between creating a highly democratic and liberal environment for scientific research and discussion and the demand for organization and discipline in the dissemination of theoretical viewpoints. We would like to suggest that the leadership preside over discussions and draw clear-cut conclusions from each of them to determine what on which agreement has been reached and what over which differences still exist, thus requiring continued research. The important thing is to draw conclusions regarding the orthodox theoretical viewpoints about which all the party, including its own intellectual circles, must speak as one. Thus, there is a distinction between the ideological and theoretical life within the party and that in all society. Perhaps, this is precisely the spirit of the following passage in Resolution 01/NQTU [party Central Committee Resolution]: “We must uphold the scientific objectivity and partisan character of theoretical workers and promote a democratic, open, and principled atmosphere in scientific discussions and debates.”

#### Footnotes

1. These economic sectors are: the state economy, the collective economy, the individual economy, the private capitalist economy, and the state capitalist economy, of which the state economy and collective economy are the foundations (Footnote by the editorial staff).

#### Kien Giang People Return to Tho Chu Island

922E0204b Hanoi QUAN DOI NHAN DAN  
in Vietnamese 18 Aug 92 p 3

[Article by Vu Dinh Quan: “Kien Giang People Return to the Tho Chu Island To Live With Peace of Mind and Joy, Benefiting From the Care of the Mainland and Army-People Unity”]

[Text] We accompanied the leaders of the Population Movement Branch of Kien Giang Province who were in charge of returning the people of Kien Hai District to Tho Chu Island to live after they had been away from it for 17 years. At the Rach Gia fishing port, Comrade Tu Hieu, director of Kien Giang Provincial River and Sea Transportation Corporation, told us: The provincial People's Committee asked us to pick the best ship available to take the people to the island, thereby ensuring a safe and thoughtful implementation of the task. The vice chairman of the Provincial People's Committee personally went to the fishing port to bid farewell to those who were leaving and assign Ship KG63 the task of taking them back to the island.

After the ship pulled out of Nam Du Pier, I sat on the deck, talking to Huynh Binh Khoi, a demobilized Army captain who once served as chairman of the An Son Village People's Committee and who was going back to Tho Chu with this batch of returnees. He said: A few years ago, some families intended to go back to Tho Chu to live, but they could not do that on their own without state assistance. They could not live on the island without capital, fishing equipment, and means of transportation. But now, with the sending of people being organized by Kien Hai District and Kien Giang Province, each household may borrow 20 million dong at low interest rates, which they will not have to pay back until five years later, and is given money to build a new home and rice to eat during the first six months. Thus, two or three families may pool their money to buy a fishing boat. That is why the returning fishermen are very enthusiastic and have great peace of mind.

The Party and People's Committees of Kien Giang Province not only give material aid to each family going back to the island but also pay great attention to guiding each step of implementing the return-the-people plan to ensure its efficiency. The chairman of the Kien Giang People's Council, the director of the local Labor, War Invalids, and Social Welfare Service, the commander of the provincial garrison, and representatives of various departments and branches visited the island to inspect the living quarters and conditions there before deciding on sending people out. The vice chairman of the provincial People's Committee, vice chairmen of the People's Committees of Kien Hai and Phu Quoc Districts, the leadership of the Labor and Population Movement Department, and representatives of the families scheduled to depart in the first batch, went to the island for a final inspection and to make necessary preparations prior to the people's arrivals, such as fixing water wells, allocating residential lots, and determining fishing zones. Army units on the island did everything that needed to be done to prepare for the returnees' settlement.

The ship pulled up into Tho Chu Island amid the atmosphere of a joyous, intimate welcome given by cadres and combatants on naval ships and the island to the newcomers. When our ship came alongside Ship HQ253, all the lighting systems on that ship and the island were switched on. Cadres and combatants on board the ship cheered with the greatest jubilation. A few minutes later, Major Dao Phuc Lam, commander of the island garrison, came on board to visit the newcomers and discuss plans to transfer them and their household effects onto the island.

The stela marking national sovereignty and the national flag came into our view. The Tho Chu Archipelago, with an area of 19.8 square km, comprises eight islands: Tho Chu, Hon Tu, Hon Cao, Hon Cat Xanh, Hon Nhan, Hon Kho, Hon Cao Cat, and Hon Da Ban. The archipelago is located 56 nautical miles from Phu Quoc Island, 142 nautical miles from Rach Gia, and 15 nautical miles from the international maritime navigation route.

Major Dao Phuc Lam, who has lived on the island for 17 years on end, told us: The people from Kien Giang have inhabited this place for a long time. At the time of liberation in 1975, there were nearly 200 inhabitants on this island. But by the end of that year, because of the complicated developments in the area, no people remained here. In early 1976, local troops of Kien Giang Province and our naval forces returned to the island.

We paid a visit to the island command. After the routine morning hand-over of duty, the commander gave out assignments and plans to each unit to help the people build their homes and stabilize their living quarters. In the evening, the first meeting was held between Kien Hai District, the people sender, and Phu Quoc District, the people receiver.

After that, Major Dao Phuc Lam invited the visiting delegation and all the people to the meeting hall to watch a television entertainment program broadcast by the Kien Giang television station, followed by a newscast transmitted by the Hanoi television station. He confided: In the past, cadres and combatants on Tho Chu could receive news from the mainland only when the ships came to visit. In late 1991, Comrade Senior Lieutenant General Dang Vu Hiep, deputy director of the General Political Department, paid a visit to Tho Chu. Seeing the difficulties facing the cadres and combatants here, the general decided to equip the island with two electric generators, a parabolic receiving antenna system, a video cassette player, a video cassette recorder to record video signals received by the parabolic antenna, and three color television sets, all of which were worth more than 200 million dong. In the near future, once the people have finished building their homes, the Army unit here will install electric lighting in every house. But Tho Chu only has a receiving antenna now, that is why people cannot watch television in their homes yet. They will have to wait until Kien Giang Province invests money in installing a television signal relay system.

We called on the Army units defending Tho Chu. Only here could we see with our own eyes the strength of the island-bound combatants. To stay on the island for long

duration, soldiers must devote much energy and effort to increasing food production to improve their living standards. The Army units here are raising more than 20 cows, a herd of hogs including 10 sows and 60 meat hogs, and hundreds of chickens and ducks; they are also planting enough greens for year-round consumption. Before taking leave of us, the Tho Chu Army unit commander said: In the immediate future, soldiers on the island will do their utmost to enable the people to remain attached to the island with peace of mind. We will provide the people with sufficient breeder animals (cows, hogs, poultry...) and vegetables for farming so that they may quickly build a new life. The people and soldiers on the island are really united like fish and water to create an aggregate strength to turn Tho Chu Island into a strong point of national economy and defense.

## ECONOMIC

### Losses of Capital Invested in Capital Construction Projects

922E0199 Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 5 Aug 92 p 1

[Article by Huynh Thanh Luan: "What Percentage of Capital Invested in Capital Construction Has Been Lost?"]

[Text] From the beginning of 1986 until 1991, the municipality invested in capital construction (CC) about 484 billion dong, which came from budgetary sources, credit, and capital obtained from loans and joint enterprises with foreign countries. Since from 45 to 50 percent of the capital invested each year in CC went to major economic projects, we were able to promote fast development in many economic sectors. CC capital was also invested in many social welfare projects.

But a control check showed that there were signs of loose and even neglected management. There had been many cases of wrongdoings and negative acts causing much waste and a lot of losses of state properties.

### Projects were started even before approval of economic and technical arguments.

Besides many CC projects that fulfilled all required procedures, regretfully there recently were many projects in which economic and technical control and supervision were far from strict and scientific. Some projects were started even before their economic and technical arguments, as well as project estimates, had been completed; others were started even without land-use and building permits. In the last 6 years, as many as 40 projects were started without approved economic and technical arguments. Because these arguments in some projects were inaccurate, plans had to be changed in the course of construction, which led to more expenses, longer time, and total capital investment exceeding by several times the originally projected one. Some examples: The capital invested in the Binh Minh 8 Textile Enterprise project exceeded the original one by 23 times; the Technical Workers School project by 43 times; the Long Binh Brick Making Enterprise project by 73 times; the East Side Bus

Terminal project by 370 times, and so on. Many units, therefore, had to use their liquid capital in CC projects and, as a result, encountered difficulties in their operations.

On the other hand, in the drafting of economic and technical arguments in the CC investment process, there was a failure to gather all counterarguments, nor to satisfy the needs of viable plans. Consequently, many projects had to be interrupted, with business remaining unproductive. Shortly after construction had been completed, the Motorcycle Repair Enterprise had to change direction for its operations. In such projects as Saigon Ship Repair Enterprise, Binh Thoi Jute Production, Tu Luc Jute Production, and Dac Nong Rubber Production, the investment direction had to be changed while construction was still going on. After their projects had been completed and started to operate, the Forest Machinery Enterprise, Industrial Locks Enterprise, Farm Machinery Enterprise, Waxing and Plating Enterprise, Tan Binh Dyeing Enterprise, Cu Chi Leather Articles and Shoes Enterprise, Thang Loi Wood Processing Enterprise, Long Duc Bricks Enterprise, and Do Hoa Coconut Plantation realized they had to operate at a reduced pace and could not attain full efficiency. Other projects which did not even start to operate after construction had been completed included Nam Viet Department Store (in the 1st Precinct) and the electronics assembly plant of the Tan Binh Union of Export-Import Production and Business Enterprises. The title of recordholder in terms of CC inefficiency should be given to the Saigon Frozen Foods Export Corporation: In the 1985-1989 period, it invested US\$5.16 million in 20 projects, but only 2 of them were known to have operated efficiently.

#### **Prices were raised excessively beyond actual values.**

In Ho Chi Minh City, a number of sectors, districts, and precincts had set up their own planning and project units; whenever projects were made available, they were normally assigned to these units to carry out, and the bidding procedures as the CC rules dictated were bypassed. Consequently, there were many cases in which the units in charge of certain projects did not have the legal person status to carry them out.

But the greatest loophole was found in the management, reception, and transportation of invested equipment. There were many actual cases in which project management boards and project control cadres failed to properly fulfill their tasks, which included closely watching book-keeping and construction progress. That was the basic reason that compelled many units to change their plans and to lie about quantities, and yet such changes and lies were not detected at all, but their projects were unable to ensure complying with technical specifications. The adverse effects were the degrading of these projects only within a short time after they had been operated on a trial basis and then transferred to the right operators; for instance, the pier of the Ton That Thuyet River port terminal collapsed; many cracks appeared in the buildings of Binh Quoi Tay School; water seepage, wall cracks, leaks

from roof, broken backyard patio, and foundation sinkage all took place in Thuy Tien Child Care Center (in Subward 14 of the 6th Precinct).

In addition, through auditing of CC projects, the Finance Service discovered many cases of inaccurate planning, both drafting and approval, and cost estimates; false quantity statements; inappropriate use of unit prices; and unit prices being further divided to raise project costs. In the auditing of only 22 CC projects involving total costs financed by investors of 8.2 billion dong, it discovered differences of up to 1.94 billion dong (23.8 percent) from their actual costs. As the municipality's inspectors conducted inspection of 11 CC projects, it discovered in 6 of them excessive increases of costs totaling 684 million dong (21.8 percent higher than actual total costs). The above-mentioned phenomena certainly suggested that many questions be asked and answered.

What percentage of CC capital has been damaged and lost? This question remains unanswered. However, as we analyze the present situation, we can see that the reasons behind it lie in the fact that the CC management still has many loopholes and that we lack effective measures to control the quality of projects. Inspection and control of CC projects are far from regular; the efficiency of state management remains poor, with the state failing to control deliberate seizure and misuse of capital, to pinpoint losses and waste in CC, and to sternly deal with actual mistakes and violations.

To improve the above-mentioned situation, we suggest that the Municipal People's Committee take synchronized measures to impose strict regulations in the management of CC projects. First of all, it must reorganize the management of invested capital coming from the budget, starting from the decision to draft economic and technical arguments and the approval of planning and investment estimates; the bidding and bidding approval and acceptance procedures must be seriously implemented. What is no less important is the need to adopt an inspection system to be regularly carried out in the CC field, to set actual responsibilities for violations and failures in CC projects, and to sternly deal with all negative acts.

#### **Answering Readers' Letters on 'Van An Bac 21' Oil Prospecting Contract**

922E0204A Hanoi TAP CHI QUOC PHONG TOAN  
DAN in Vietnamese Aug 92 pp 20-23,36

[Article by Le Minh and Hoang Lap: "Answering Readers' Letters: The 'Van An Bac 21' Oil Prospecting Contract in the Light of International Law"]

[Text] Editor's note: *Recently, the TAP CHI QUOC PHONG TOAN DAN editorial staff received many letters from readers inquiring about the signing of a contract for oil exploitation between China and the U.S. Crestone Energy Corporation, an event bearing on Vietnam's sovereignty over its territorial waters. We would like to present the following article in response to these readers' inquiries:*

On 8 September 1992, at the Great Hall of the People in Beijing, in the presence of high-ranking officials and representatives of the Ministry of Foreign Affairs, the Ministry of Energy Resources, the Ministry of Foreign Economic Relations and Trade, the Office of Industry and Commerce of the Chinese State Council, and the American Embassy in Beijing, the China National Offshore Oil Company (CNOOC) and the Crestone Energy Corporation (headquartered in Denver, Colorado, the United States) signed a contract for oil prospecting in a 25,155-square km area situated in the southwestern region of the East Sea [South China Sea] and called "Van An Bac 21" by China. The contract is to be implemented in two stages over a period of seven years, with the five-year first stage devoted to seismological surveys and data gathering and processing and the two-year second stage set aside for prospecting drilling.

The Chinese side said that the area involved in the contract "completely lies within the China's Nansha Archipelago and its periphery." On 22 May 1992, the Chinese government ratified the contract despite the fact that earlier, on 16 May 1992, the SRV Foreign Ministry had already issued a statement protesting the contract signing. The statement affirmed that "the Chinese and U.S. companies' agreement to cooperate in oil and natural gas exploration in the Vietnamese continental shelf clearly constitutes a serious violation of Vietnam's sovereignty over its continental shelf and exclusive economic zone." It also "requests that the Chinese side end its illegal oil prospecting and exploitation in the sovereign territorial waters of Vietnam through the Crestone Energy Corporation."

Judging by the coordinates of the zone involved in the contract China signed with the Crestone Energy Corporation, the so-called "Van An Bac 21 area" is a component of Vietnam's continental shelf. This zone comprises the Tu Chinh, Phuc Tan, Que Duong, and Huyen Tran banks with their peaks permanently submerged from 7 to 25 meters under the sea level. At its closest point to Vietnam, this zone is only 72 nautical miles from the outer boundaries of Vietnamese territorial waters. It is in this zone that Vietnam has built an economic, scientific, and service complex subordinate to the Vung Tau-Con Dao Special Zone (now subordinate to Ba Ria-Vung Tau Province), a fact that was publicly announced on 14 and 16 August 1989.

For a clear view of the aforementioned event, we need to dissect it in the light of international law.

The 1982 UN Convention on the Law of the Sea, one of the greatest achievement of international law, offers a new definition of continental shelf: "The continental shelf of a coastal state comprises the seabed and sub-soil outside its territorial waters, including the entire natural extension of its mainland territory up to the outer limits of the continental margin" (Section 1, Article 76 of the Convention). The outer limits of the continental margin are delimited in accordance with definite scientific criteria. If the outer limits of the continental margin of a state are situated less than 200 nautical miles from the baselines used to measure

the breadth of territorial waters, the continental shelf of that state is determined up to 200 nautical miles. In case the outer limits of the continental margin of a state are located more than 200 nautical miles from the baselines, the outer limits of its continental shelf may not exceed 350 nautical miles from the baselines or 100 nautical miles from the 2,500-meter isobath.

The Convention also clearly determines the legal system governing the benefits all littoral nations may enjoy from the continental shelf (Article 77) as follows:

"1. Coastal states shall exercise sovereign rights over the continental shelf concerning the exploration and exploitation of their own natural resources.

2. The stipulations in Section 1 denotes exclusive rights, that is, if a coastal state does not explore its continental shelf or does not exploit the natural resources thereof, no one else has the right to conduct such activities without the express consent of that state.

3. The rights of coastal states over the continental shelf are contingent neither on actual or nominal appropriation nor on any express statements."

Basing itself on the development of international maritime law, the Vietnamese government has made two important statements concerning the sea, namely the "Statement on the Territorial Sea, Contiguous Zone, Exclusive Economic Zone, and Continental Shelf of Vietnam," which was issued on 12 May 1977, and the "Statement on the Baselines for Use in Calculating the Breadth of Vietnamese Territorial Waters," which was published on 12 November 1982. The two statements officially determined the sea areas under Vietnamese national jurisdiction, which comprise five zones: the neritic zone, the territorial sea zone, the contiguous zone, the exclusive economic zone, and the continental shelf (all these sea zones are measured from the baselines).

In Article 4 of its 12 May 1977 statement, the SRV government determined: "The continental shelf of the Socialist Republic of Vietnam comprises the seabed and sub-soil in the natural extension of the Vietnamese mainland beyond the territorial sea of Vietnam and up to the outer limits of the continental margin. Wherever the outer limits of the continental margin are situated less than 200 nautical miles from the baselines used to measure the breadth of Vietnam's territorial sea, the continental shelf there shall extend to 200 nautical miles from those baselines."

"The Socialist Republic of Vietnam has complete sovereignty in the prospecting for and the exploitation, protection, and management of all natural resources in the continental shelf of Vietnam including mineral, nonliving, and living resources of the kinds that settle in this continental shelf."

The stipulations in these two statements by the SRV government were published before the UN Convention on the Law of the Sea was signed in Jamaica on 10 December 1982, but in general, the their basic contents still agree with those of the Convention because the two statements

were prepared in accordance with the progressive direction of the Third International Conference on the Law of the Sea.

Judging by international law and SRV legal documents about delimiting the continental shelf as mentioned above, the area called "Van An Bac 21" completely lies within the 200-mile continental shelf of Vietnam as measured from the baselines running along the coast of the Vietnamese mainland. At its closest point, this area is only 84 nautical miles from the baselines used to measure the breadth of Vietnam's territorial sea; at its farthest point, it is still less than 200 nautical miles from those baselines. Thus, it lies in the natural extension of the Vietnamese continental shelf, which slopes gently from the Vietnamese coast toward a depth of 1,500 meters, whereas it is separated from Hainan Island of China by a distance of 570-680 nautical miles. Moreover, Hainan and the "Van An Bac 21" area are also separated by an oceanic cleft (approximately 4,000 meters deep) in the middle of the East Sea. Therefore, it cannot be said that the continental shelf of mainland China extends continuously all the way to the banks of Tu Chinh, Phuc Nguyen... of Vietnam; nor are there any stipulations in international law allowing a country to extend its continental shelf across an oceanic crevice to such a great distance.

China's argument about the area involved in the oil exploitation contract signed with the Crestone Energy Corporation—which maintains that this area "completely lies in the Nansha Archipelago of China and its periphery"—also lacks a legal basis. First of all, it must be recalled that the archipelago China calls Nansha is none other than the Truong Sa [Spratly] Archipelago of Vietnam. For several centuries now, the Vietnamese state has actually possessed this archipelago as well as the Hoang Sa [Paracel] Archipelago since the days when they still did not belong to any nation. The Vietnamese state has actually, continually, and peacefully exerted its sovereignty over the two archipelagoes in conformity with international law and practice. The historical evidence and the legal and realistic bases that Vietnam has produced—and is prepared to continue producing—have proved that fact. If one contends that, historically speaking, this area completely lies in the "Nansha Archipelago" of China, then it would be difficult to explain how ownership was actually exerted thousands of years ago when the banks were still deeply immersed under water.

If the fact that Chinese troops are currently stationed on seven reefs (which they have seized from Vietnam since 1988) is cited by China as a basis for increasing its demands concerning the sea and continental shelf, then it must be pointed out that all the islands and reefs near that area are controlled by Vietnam.

On the other hand, according to international law, "an island is a natural tract of land surrounded by water; at high tide, this land is still above the water"; "for those rocky islands that are not suitable for settlement by human beings or for the development of their own economic life, then there shall be no exclusive economic zone and no continental shelf." Therefore, it is difficult to determine

the continental shelf and an exclusive economic zone even for the islands of the archipelago, let alone the seven submerged reefs currently occupied by China. Moreover, according to the international law of the sea, these reefs are certainly not entitled to a 12-mile territorial sea. In case these reefs contain projects of a littoral state, they are entitled only to a safety zone not more than 500 meters wide.

Another illogical fact is that China has expanded the "periphery of the Nansha Archipelago" to the point of delineating its national maritime boundaries in the shape of a "cow tongue." In this connection, we may quote American Journalist N.D. Kristol, who has this to say in an article entitled "China Signs Oil Contract With the United State in Disputed Waters" published in the 18 June 1992 issue of THE NEW YORK TIMES: "China claims sovereignty over a vast area of the South China Sea stretching for more than 1,000 nautical miles south of its nearest inhabited island. The water area over which China is claiming sovereignty overlaps nearly all the waters of Vietnam, Malaysia, and the Philippines." There is no basis in international law that permits the extension of China's maritime boundaries all the way to a point 21 nautical miles off Hon Hai, a coastal island of Vietnam in the Phu Quy Group, while these boundaries are 195 nautical miles away from the Chinese-occupied Chu Thap Bank.

It is equally hard to find a basis for extending that "cow tongue" as far as the "Tang Mau Bank," which is situated at 4 degrees latitude and only 30 nautical miles from the Malaysian coast. For a comment on these "cow tongue" boundaries, we may agree with the suggestions by Dr. Hamzah in his address at the 1991 Bandung Seminar on "Jurisdictional Disputes Over the Truong Sa Archipelago: A Solution," that "No country may create the impression that the South China Sea is its own territorial waters or historical lake and use it as a basis for asserting its sovereignty. I earnestly suggest that all the parties concerned reject the claim to the entire South China Sea because it has no legal or historical basis whatsoever," and that "In my opinion, that claim is not serious and respectable. All such territorial claims are useless and ludicrous, just like the Pope's signing of a decree on 4 May 1943 dividing the oceans of the world between Spain and Portugal."

From the issues mentioned above, we can see that China's signing of a contract with the Crestone Energy Corporation for oil and natural gas exploration in the continental shelf of Vietnam is a violation of international law on the sea, and that there is no international legal basis that can be used to justify this encroachment on the so-called "Van An Bac 21" area. Whether it appropriates this area or not, and whether it carries out exploration and exploitation activities there or not, Vietnam still has full sovereign rights over the area. The Vietnamese government asserts sovereignty over its sea areas and continental shelf. At the same time, it actively works together with other countries in the region and China to settle all disputes peacefully, thereby contributing to building a peaceful, cooperative, and developed Southeast Asia.

**Article Cites Need for Oil Refining Capability**  
 922E0202 Ho Chi Minh City SAIGON GIAI PHONG  
 in Vietnamese 12 Aug 92 pp 1, 5

[Article by Pham Quang Du, PhD: "Early Construction of An Oil Refinery: A Great and Urgent Economic, Social, and National Defense Need"]

[Excerpt] [passage omitted] Our country not only can but must build a modern petrochemical industry and develop a number of other sectors using oil and gas as raw materials. Currently we are extracting considerable quantities of crude oil; this year, we will certainly get nearly 5.5 million tons. We are also getting prepared to start a project aimed at bringing onshore gas from oil wells to satisfy our electric power generating needs and to supply families. At present, because we are unable to liquefy gas, each day we must burn off 1.5 million cubic meters of gas, at a value of about 100,000 dollars.

We are extracting 120,000 barrels a day of crude oil and, at the price of 20 dollars a barrel, earning about more than 2 million dollars a day. Oil search and exploration are being accelerated. So far this year we have signed four more exploration contracts with Shell Company and other companies of South Korea, Japan, and France. We continue to prepare for signing other contracts. Generally speaking, this year we will have signed a total of more than 10 contracts, or equal to the total number of contracts we have signed up to now. The volume of crude oil to be extracted in the coming years will certainly increase at a fast rate, just as expected by 7th Party Congress.

But because we do not have yet a refining petrochemical industry, all of our crude oil has to be sold. With a rather large quantity extracted—more than 5 million tons this year—and sold at the average price of 20 dollars a barrel (7.5 barrels = 1 ton), we have an amount of hard currency equal to about one-third of our total export earnings. But we also must spend a very large amount of foreign currency to import at least 3 million tons of oil products. By a rough estimate, if we have an oil refinery having a capacity that conforms to our actual capabilities and conditions, each year we will be able to save close to hundreds of millions of dollars based on current consumption levels. We will be able to ensure stability for our domestic market and to avoid the effects of fluctuations in the foreign oil market. And the important thing will be our ability to create favorable conditions for development of petrochemical and post-refining petrochemical industries and to provide a large number of people with jobs.

Naturally, even when we can refine our own oil, we will not be capable of satisfying all of the needs for various kinds of oil products of our domestic market. We will still have to import a number of products, but at the same time we will be able to export some of our surpluses, first of all to markets in Southeast Asia.

To achieve high efficiency in oil processing, the fact that we must define a product strategy has a very important significance. We must carefully study the characteristics of Vietnamese crude oil (it contains lots of paraffins), the needs of domestic and foreign markets, the production and

consumption of oil in the world, particularly in Southeast Asia, and so on. Only on that basis can we correctly set the direction, take the right steps, and build an appropriate modern processing industry (in-depth processing using new technical and industrial progresses) in conformity with domestic and foreign investment capabilities.

In 1990, we completed the planning for an oil refinery (the type that would not offer in-depth processing) of 3-million-tons-per-year capacity, which we intended to build in Tuy Hoa City in accordance with preparations that we had made since 1980. But because of objective difficulties having to do with investment and also economic effectiveness, that project was not carried out. Early in 1991, our government called for investment in the construction of an oil refinery. In the first 6 months of that year, many countries submitted 17 projects for participation in the construction. Later, six projects were selected for competition in terms of feasibility.

The results of an initial evaluation showed that under the conditions that had been set, an oil refinery having a 5-million-tons/year capacity and concentrating on in-depth processing of impurities would be most feasible. But the investment capital would be excessive—billions of dollars. We must choose the levels of capacity, industry, and investment formula suitable for our realities. We must have a base of extremely accurate initial data and appropriate calculating methods (linear planning, turning the oil-refining economy into mathematical models) in order to select an optimal oil refinery project that conforms to our country's present situation.

To build an oil refinery is a great and urgent economic, social, and national defense need. To allow construction to start early and to be able to ensure efficiency, it is extremely necessary that we boldly go ahead with investing in an appropriate manner and carrying out very seriously the research task. And we must rely on our own forces, which is what counts first.

**Article Comments on Investment Plan in Shipbuilding Industry**  
 92SE0355A Hanoi VIETNAM NEWS in English  
 12 Aug 92 p 2

[Text] The Ministry of Communications and Transport has worked out a plan for large investments in the shipbuilding industry to help the domestic shipyards raise their competitive edge on the world market.

Vietnam's shipbuilding industry employs 10,000 people, and thanks to low-cost labour, it has built ships at lower and therefore more competitive prices than foreign companies. The industry is also credited with the high quality of its ships. A 3,000 deadweight ship built in Vietnam costs 1.1 million U.S. dollars, while a ship of the same size made by South Korea may cost as high as 3.5 million U.S. dollars.

The problem facing Vietnamese shipyards is that most of the materials are imported. The builders are thus forced to

demand cash on the spot. Meanwhile, foreign shipyards can give deferred credit because of ample, stockpiled materials.

Vice Minister of Communications and Transport, Dr. Bui Van Suong, quoted by SAIGON TIMES, says the nation's 40 shipyards need between 30-40 million U.S. dollars to buy steel and equipment. With enough materials Vietnamese shipyards could compete with those in foreign countries.

Three of the largest shipyards are controlled by the Vinamarine group, including the Finland-aided Pha Rung yard near Haiphong, which has a 150-meter graving dock and currently builds small ships. Also located in Haiphong is the Nam Trieu yard which is capable of building and repairing 5,000 dwt. ships.

The Saigon ship repair yard can accommodate 15,000 dwt. vessels in its dry dock. Located near the heart of Ho Chi Minh City is the Ba Son naval yard which has a floating dock for handling commercial vessels.

Vinamarine is currently working with Le Port Diffusion, a French shipbuilder, in a USD 50 million joint venture to build a shipyard capable of repairing 50,000 dwt. ships and building 10,000 dwt. ships in Vung Tau. Construction will begin next year for completion in 1998.

#### **Premier Vows to Straighten Law System**

92SE0348A Hanoi VIETNAM INVESTMENT  
REVIEW in English 3-9 Aug 92 p 4

[Text] Prime Minister Vo Van Kiet, successfully re-elected to the new 395-seat National Assembly Election "will contribute with other delegates in the National Assembly to straightening up the law system, rendering the 1992 constitution concrete, establishing legal foundations in order to renovate the political system, enhance democracy, and strengthen the effectiveness of the government's management to guarantee success of the renovation process of our country," he said recently.

"Our main concern," Premier Kiet emphasized, "is that the government must make intense change to the governmental operations, from central to local People's Committees," he said in HCMC. "There must be a complete change from bureaucratic management to running the nation by law, to build a state machine strong enough to take charge of the function of the executive organ in managing the economic, cultural, diplomatic, national defense and security work of Vietnam."

Presenting his point of view on the unification of economic development and social progress, Kiet said: "We will not realise our target of making the country rich and strong in our efforts to develop the economy if we do not try to render our society healthy, honest, and to counter the cultural vices from outside.

"Along with other deputies to the National Assembly, I will suggest that more concern should be placed on the solution to urgent social problems, especially jobs for workers, housing, salary, standard of living and social equity.

"This year and next, the reform of the salary system that has been passed by the National Assembly should be basically promoted."

Premier Kiet answered questions from the voters in his constituency about universal education, workers' health care, the state legal system, prompt promulgation of labor law, civil and commercial law, anti-corruption laws and measures taken to punish corrupt government personnel. Responding to the opinion that there must be different classes in a society, the rich and the poor, but riches must come from honest labor, and that state personnel possessing big houses cannot be so rich if they are not corrupt, Kiet said, "I accept this as a reminder. The coming term of the National Assembly is a term to endeavor to take a new step toward new development, to shorten the distance between our country and the neighbouring countries.

"Many ideas emphasise the state management of law, that everybody must respect the law, must be equal before the law, and by them social equity will be guaranteed for everyone," he said.

On corruption and bribery, Mr. Kiet said: "The Party Executive Committee and the Politburo have considered that question a vital matter of the Vietnamese Communist Party and of our regime."

"I see two aspects of the question: If all of us are negative, recessive and corrupt, we cannot renovate anything, and our country will not overcome the terrible ordeals that have caused the collapse of many East European socialist countries as well as the Soviet Union."

"In great number still are those who are honest and struggle in an unselfish manner to help the nation overcome difficulties, creating new premises for the country to step forward."

"We must look right into the problems," said the premier.

"This is one of the hardest hindrances to the process of renovation of our country."

#### **Obliterating State Debt Top Priority for Decision-Makers**

92SE0349B Hanoi VIETNAM INVESTMENT  
REVIEW in English 3-9 Aug 92 p 2

[Text] Of late, the term "capital obliteration" has been heard among Vietnamese economic circles to designate the billions of dong of debts contracted among different State-owned companies and enterprises. Such debts have led to the insolvency of many enterprises and obstructed the bank system and the whole economy of the country.

To solve this problem, the chairman of the Council of Ministers has issued a series of instructions on general debt payment, primarily among State-owned economic organisations.

In his report at a conference early this month to sum up the first phase of this programme, Do Que Luong, Deputy Governor of the Vietnam State Bank and member of the Standing Committee for the Settlement of Public Debts, said that in the first phase more than 10,000 State-owned

enterprises took part in the declaration of debts totalling 8,841 billion dong, accounting for more than 80 percent of public debt.

Among the 8,000 State enterprises which are operating, 4,624 have contracted debts among themselves, while the rest owe debts to already bankrupt State-owned enterprises and enterprises in the non-State sector.

Mutually contracted debts rose to 2,54 billion dong, of which 2,459 billion have been paid. As a result, 97 percent of the balance will have to be paid and 93 percent of the balance will have to be recovered.

"The strong measures taken by the government have dismissed the misgivings of many localities and units about the possibility of settling the question of public debts as well as about the macro-economic management capability of the State."

"Specialists estimate that outstanding debts still amount to more than 5,000 billion dong or 70 percent of the total unsettled debts throughout the country."

The second phase is due to begin in the third quarter of 1992 and to conclude at the end of the first quarter of 1993. Most speakers at the conference pointed out the biggest sticking point in the second phase is to settle the outstanding debts between the operating enterprises and those who have gone bankrupt or have stopped operation, debts among the latter themselves, and among enterprises with different forms of ownership.

This was admitted by Ho Te, Minister of Finance and Vice Chairman of the Committee for the Settlement of Public Debts.

He said that all debtor enterprises which are operating have to pay their debts at any rate. Failing this, the Debt Settlement Committee will make deductions from their bank accounts, cut their links with the bank, or will temporarily withhold their assets as collateral. Deliberate non-compliance may result in the prosecution of the director, chief accountant and other concerned persons.

As for non-State enterprises, their assets will be held temporarily as collateral for from 20 to 30 days. If they cannot pay the debt after one month, an auction council will be set up to dispose of their assets in order to pay the debt.

#### Article Comments on Rice Exports

922E0193A Hanoi TUAN BAO NONG NGHIEP  
in Vietnamese 11-17 Jun 92 pp 1, 2

[Article by Phuong Linh]

[Text] Since the beginning of the year, almost 500,000 tons of rice, mainly from the provinces in the Mekong Delta, have been loaded onto ships at Saigon Port for export. Although this is not a large amount, as compared with the same time last year, rice exports have doubled. However, as compared with the amount of commodity rice now present in the region that must be distributed, the amount of rice that has been exported is insufficient. Many people have said that the reason for this is that we don't have

export markets. That explanation sounds reasonable, but looking at things more closely, does the problem really rest with us?

The Japanese newspaper SANKEI SHIMBUN recently published an article stating that there are 150 million starving people in Africa (a large export market). The SNG countries need to import 700,000 tons. And South Africa, Iran, Iraq, and Indonesia each need from 100 to 300-700,000 tons.

At the beginning of May, when working with the leaders of the Central Grain General Corporation 2, which is based in Ho Chi Minh City, they said that since the beginning of the year, the unit has welcomed many foreign trade delegations that have come to inquire about buying rice. But in the end, exports didn't materialize because their prices were too low and couldn't be accepted. However, looking at the prices of Vietnamese and Thai rice, it can be seen that our rice has always been \$20-40 a ton cheaper than Thai rice. Recently, the minister of commerce issued a regulation adjusting the minimum price of rice for the second time in order to sign export contracts.

This response correctly reflects the "game rule" in the market mechanism—the strong win, the weak lose. And our fiercest competitor, Thailand, is urgently competing for rice export markets at any price. For example, Thailand recently started making deferred-payment sales to buyers. That method has attracted buyers from countries that are experiencing financial difficulties. And Thailand has advantages that we don't. One is that Thailand's rice processing is of higher quality, with their rice reaching a high standard. Their packaging is attractive and convenient. They can export rice faster, because their port cranes and means of handling cargo are faster and expenditures for transporting and moving commodities are low. Thanks to this, economic results have increased.

Looking at our way of doing things in this sphere, what is clear is that besides the fact that we do not have the same favorable objective conditions as Thailand, the main reason is that we are not well prepared "strategically" in this sphere. We still do things on the basis of "luck," and our way of organizing and managing things is creating many loopholes. For example, the processing system lacks investment and equipment, and the technical models are old and outdated. Only a very small percentage of the rice is of high quality. Most of the rice has to rely on the small-scale processing of private individuals. The bad packaging is also dull. Cargo handling at the ports encounters many bothersome and complicated procedures.

The lack of synchronization, which has lowered the quality of the rice, has hurt selling prices. At the same time, with our untrustworthy way of doing things, many old customers such as Indonesia and the Philippines that used to buy 300-400,000 tons of rice from us each year are no longer coming to us.

But the greatest problem, as many people have said, is that our management methods have "fallen prey to our own intrigues." There are too many units involved in export activities, and this has spawned competition in buying and

selling. Using this loophole, foreign businessmen have engaged in the arbitrary grading and pricing of our rice. Even though local grain needs have not been fully satisfied, many localities have "made preparations" to request a rice export quota. Many corporations that do not have rice export functions have rushed in to "reap the benefits." In Ho Chi Minh City, there are now almost 100 units engaged in exporting rice. After returning from abroad, a cadre from another province said that at the hotel where he stayed, he saw 16-17 of our cadres there. All of them were there for the same reason—to look for customers to buy rice.

At the beginning of 1992, the Ministry of Commerce issued a resolution granting a number of large enterprises the right to export 60 percent of the export rice. The remaining rice will be exported by smaller units in the localities that are able to find customers.

This progressive regulatory measure is aimed at limiting the number of "guests" who do not have invitations. But in reality, there has been a switch to another "tragedy." The large enterprises are experiencing a serious shortage of business capital, and they lack international market information. They sit at home waiting for "God" to come discuss prices! The result is that it is impossible to maintain prices. Some of the small enterprises that lack cash have had to "climb over the fence" in their own way so that foreign businessmen will advance them money. They then worry about controlling the quality of the commodities and loading the goods aboard ships. They are simply middlemen who are paid for a "service." This easy-going way of doing things has resulted in a number of foreign corporations advancing money or making loans and then recovering their money in rice at a very low price.

After carrying on renovation for several years, agriculture in our country has really begun to "take off." This year, the 3d year, we have sufficient rice for consumption and export. If we export 1.2 million tons of rice in 1992, we will have exported 4.5 million tons in the past three years. Quantities have been increasing constantly, but whether the real value of this is equal to the labor power spent is a question that has not yet been answered by businessmen involved in exporting rice.

#### **Phan Van Khai Interviewed on Economic Situation**

922E0191A Ho Chi Minh City TUOI TRE CHU NHAT in Vietnamese 12 Jul 92 pp 2, 3

[Interview with Phan Van Khai, first vice chairman of SRV Council of Ministers, by unidentified TUOI TRE CHU NHAT correspondent; place and date not given]

[Text] Running for election to the Ninth National Assembly in his capacity as Political Bureau member of the Communist Party of Vietnam Central Committee and first vice chairman of the Council of Ministers, Candidate Phan Van Khai received many questions from voters about the national economic situation. We also raised this

issue again within the framework of an exclusive interview granted by Comrade Phan Van Khai to a TUOI TRE CHU NHAT correspondent.

#### **Economic Growth Rate: Figures That Are No Longer Doctored**

[TUOI TRE CHU NHAT] Our national economy has been through no few ups and downs. Though its recent stability has made production and life easier, it has not put our minds at rest. Would you please tell us about the grounds for the Council of Ministers' assessment that there were positive changes in the socioeconomic situation in the first six months of this year?

[Phan] The positive results obtained in production, business, and currency circulation are the reason why the socioeconomic situation in the first half of 1992 was assessed by the Council of Ministers as *having undergone positive changes* owing to our ability to ensure the supply of key strategic materials such as gasoline, industrial raw materials, fertilizers, pesticides... both industrial and agricultural output increased. Nationwide, the volume of industrial production went up by 16%; specifically, the output of centrally managed industries rose by 20% and, for the first time, the output of locally managed industries grew by 5%. Meanwhile, the volume of grain production increased by nearly 2 million tonnes compared with 1991 and 1 million tonnes compared with 1990.

The Council of Ministers has also improved the taxation and import-export policies. For example, with regard to raw materials, this year the state is importing only 50-60% of the amount needed, and the rest is to be brought in by various business concerns. The new import-export policy has created more favorable conditions for export. At present, export quotas are being applied only to rice. As for other commodities, the state permits any of them to be exported if there is a foreign market for it. Concerning import, a policy has been adopted to give greater priority to the importation of essential articles. Thanks to this, the import-export trade has grown fairly substantially. In particular, the state has adopted active measures to intervene in the gold and foreign currency market to reduce and stabilize gold and dollar prices. It was the decrease in gold and dollar prices that helped stabilize the prices of essential commodities. In the first six months of this year, the average rate of commodity price increases remained at the level of only 2.1%.

[TUOI TRE CHU NHAT] This time around, the effects of anti-inflation measures have been acknowledged as not having caused any sudden "shock" to production as before. What were the basic measures that produced these positive results?

[Phan] The rate of inflation for the first six months of this year was maintained at 2.1% a month. What made this possible? This result can be attributed first of all to the development of production. Production helped maintain the balance between the volumes of money and goods. During the first half of 1992, the Council of Ministers did not issue money to cover budget deficits as it used to do in previous years. This year, the Council of Ministers issued

no less money than it did in previous years. However, once the money was out and more goods were available, the state issued treasury notes and bank promissory notes to pull in cash, thereby preventing an upsurge in the volume of money in society and sudden price increases. Thanks to this, the rate of inflation was reduced to 2.1% a month.

[TUOI TRE CHU NHAT] The Council of Ministers' abstention from issuing money to cover budget deficits can be said to be a necessary adjustment. However, during the first six months of this year, cash shortages did occur occasionally. Did this affect the circulation of goods?

[Phan] It is true that during the first of this year there were "crises" concerning capital and cash supplies needed to purchase agricultural products. The Council of Ministers is aware of this problem and from now until the end of this year will authorize the state bank to use a larger payment fund. The cash used as a means of payment is not a factor causing inflation. If the market and businesses need cash, the state bank must supply it to them. But we must not issue money for use as credit in excess of the amount of goods produced by the economy.

[TUOI TRE CHU NHAT] So, is it true that the cash "crises" still occurred because these issues were not addressed at the beginning of the year?

[Phan] In fact, in the past, the Council of Ministers still followed the method of "cautious response" in issuing money, which was aimed at meeting the growing need for cash at a definite level only. Last January, the Council of Ministers had proceeded cautiously because it saw that prices remained high.

[TUOI TRE CHU NHAT] Was there anything new in budget collections and disbursements in the first six months of this year compared with the previous period?

[Phan] Generally speaking, there has been renovation in the financial and monetary domains. The state budget collection system was revamped from the center down to the grass roots and the tax system was also improved one step further. Thanks to this, the state budget collections for the first half of 1992 were fulfilled by 43%. This is the first time such a high rate was achieved for the first half of a year.

We also saw to it that the state budget was used in strict accordance with the spirit of the National Assembly resolution. Owing to a fairly large revenue, there were no shortages in the disbursements for education, security, national defense as before. The state budget disbursement procedures were also further improved and made more stringent, with regular disbursements being made not with funds provided by foreign loans but with money drawn from domestic sources of revenue, and with only as much money being spent as it was collected. Disbursements made to achieve the accumulation of capital for use in infrastructure construction were funded partly by domestic revenue and partly by borrowings from the people and foreign countries.

[TUOI TRE CHU NHAT] The 16% growth rate of industrial output was calculated on the basis of the state-operated economic sector's performance. In the past, this sector still received some subsidies from the state. Does this 16% increase represent a subsidy-free performance?

[Phan] Since the beginning of this year, one of our four principal tasks has been to rearrange and register the state-operated businesses again. Change for the better has been recorded in this undertaking. In various provinces, cities, precincts, and districts, only those enterprises that currently operate profitably or have good prospects are retained. The areas where subsidies are required or losses are incurred have in fact been narrowed down. The 16% growth rate is a genuine achievement because it does not include any loss compensation paid by the state. In the past, there was the phenomenon of sham profits and real losses in the state-operated economic sector, but nowadays, *the profits are real*.

#### Are There Challenges?

[TUOI TRE CHU NHAT] Over the past few days, you have been meeting with voters in Ho Chi Minh City. You have gone to many places and have heard many voters say that domestic production has continued to be affected by the pressure of imports and that many branches of production are now in dire financial straits. What measures have the Council of Ministers taken to manage the import patterns?

[Phan] The state has successfully managed the patterns of commercial imports, which are no longer being brought in haphazardly. But it is true that contraband is still pouring into our country in large quantities. A few years ago, the inflow of smuggled Chinese-made goods was insignificant, but recently, it has become more massive, causing difficulty to some of our production branches.

At present, there are still no trade agreements between us and China, and most of the Chinese-made goods coming into our country are contraband. And it is these tax-evading smuggled goods that constitute fierce, unfair competition to locally made products. Recently, the Council of Ministers worked with the border provinces and various sectors to put things in order and to make border management more efficient. We are administering management chiefly by means of taxation, using tariff barriers to curb the import of those goods that can be produced locally.

[TUOI TRE CHU NHAT] Some opinions maintain that our investment structure is not yet rational. Is it true that priority has not been given to investment in vitally important economic branches and those capable of using more surplus labor in the country?

[Phan] In our country, investment is mainly reserved for the infrastructure, industry, and agriculture. The state does not use its budget to invest in services such as hotels, tourism.... But foreign investors have not dared invest in branches of production such as industry, communications and transportation, construction materials.... These

branches require large amounts of capital and the turn-around rate is slow while a difficulty remains, namely the fact that the U.S. Government has not yet lifted the embargo.

[TUOI TRE CHU NHAT] Has the state carried out any additional reforms to readjust this irrational investment structure?

[Phan] The Council of Ministers is carrying out reforms to attract investment to the key industrial branches. A preferential treatment policy will be applied in some industries to make investment in the production of electricity, cement... as profitable for foreigners as investment in restaurants, hotels.

The state also has revised and applied the Law on Foreign Investment in Vietnam more flexibly to attract investment to various regions in North and Central Vietnam. For example, the rent currently applied to the northern and central regions is lower than that applied to the south, and the minimum wage in the northern and central regions has also been revised downward below the \$50 level prescribed by the Law on Foreign Investment in Vietnam.

On the other hand, the state has also boldly borrowed capital from the people and foreign countries to invest in various infrastructure projects.

[TUOI TRE CHU NHAT] Is it more convenient now for us to borrow from foreign countries?

[Phan] In the immediate future, we still have to borrow at the commercial rate of interest. When it is possible to borrow capital from foreign governments at a lower rate of interest, we will make up for the differences. But now, we cannot just keep waiting, because this would force us to postpone the key projects forever. We cannot waste any more time, otherwise the fulfillment of the targets of our economic strategy will be affected.

[TUOI TRE CHU NHAT] To the best of our knowledge, the state still "owes" the peasants some essential policies such as the ones on increasing capital loans and supporting produce prices. Does it?

[Phan] Yes, it does. The current total amount of overdue debts of 300 billion dong in the agricultural sector is a very low level of indebtedness. The Council of Ministers has instructed the banking sector to issue promissory notes to increase the amount of capital available for lending to peasants on a larger scale and at an interest rate that would ensure against losses. Concerning credits to be lent to peasants, some progress will certainly be made. As for the question of price-support and production insurance, we must proceed step by step because this is a more difficult question. The Council of Ministers is aware of the problem, but it is difficult to set up a price-support fund for the peasants' benefit with money drawn from our own sources of revenue. We will discuss this issue in the near future to resolve it more definitely.

[TUOI TRE CHU NHAT] As for the remainder subsidies being given to the state-operated economic sector mentioned above, when will they be ended?

[Phan] State subsidies in the form of interest-free credit are being given only to a very small number of state-operated units to which the state must apply a separate policy such as medicine production industry, agricultural machine industry, and so forth.... However, these subsidies will be abolished as of 1993 to ensure equality among the various economic sectors. Concerning those economic units for which special policies are required, the state will pay loss compensation with funds from the financial service, not from the credit service.

[TUOI TRE CHU NHAT] There is another issue: At present, there is indication that we are going back to a former, familiar market, namely the republics of the former Soviet Union and East Europe. What preparations is the state making for this return?

[Phan] We still regard the market in that region as a traditional market capable of consuming Vietnamese products, and we are seeking to gain access to it. To date, however, no trade agreement has been signed with that market. Recently, the chairman of the Council of Ministers sent Comrade Tran Duc Luong, vice chairman of the Council of Ministers, to a number of the republics of the former Soviet Union to discuss ways to get this market opened. But there remains an obstacle considered by the Russian side as a prerequisite, that is, we must pay the debts that have become due. In the past, we promised to pay in 1990-1995 about 20-25% of the debts that have fallen due. But owing to the remaining difficulties, we still have to ask for further postponement of payment.

[TUOI TRE CHU NHAT] The Council of Ministers has also talked about the challenges to our national economy in the days ahead. What is the greatest challenge to be overcome?

[Phan] The greatest challenge is whether we will be able to hold down inflation at a monthly rate of 2%. If we can, then the rate of inflation for the whole year would be approximately under 30%. The level allowed by the National Assembly is 30-40%.

[TUOI TRE CHU NHAT] In your capacity as first vice chairman of the Council of Ministers, do you think we can?

[Phan] Reality may still hold many imponderables. But, in the past, we already made progress and created proper conditions for advancing to the market economy. With the experience we have gained, we believe that we will be able to maintain the inflation rate at 2% per month.

## BIOGRAPHIC

### Do Muoi Biography Published

92SE0368A Vientiane PASASON in Lao  
12 Aug 92 pp 1,3

[Unattributed report: "A Biography of Comrade Do Muoi, the Secretary-General of the Central Executive Committee of the Vietnam Communist Party"]

[Text] Comrade Do Muoi was born on 2 February 1917 in Dong My Canton of Thanh Tri District in Hanoi.

He was born into a rice-farming family. He worked as a painter and joined the revolution in 1936 as a member of the Popular Front. In 1939 he was accepted as a member of the Communist Party of Indochina. In 1941 he was arrested by the French imperialists and was sentenced to 10 years in prison. He was in the Hoa Lo Prison in Hanoi.

In March 1945 he broke out of prison and continued his activities. He joined the party's executive committee for Ha Dong Province and took part in leading the seizure of power in Ha Dong Province. After the August revolution in 1945 he became the Ha Dong Province Party Secretary. At the beginning of 1946 he became Party Secretary of Ha Nam Province. At the end of 1946 he became Party Secretary and Chairman of the Executive Committee for Resistance in Nam Dinh Province. In 1948 he became a member of the Area III Party Organization and Party Secretary for Ninh Binh Province. In 1950 he became Party Secretary for the Combined Zone III as well as Deputy Chairman of the Executive Committee for Resistance and political leader of the headquarters for the Combined Zone III. From 1951 to 1954 he was Party Secretary for the area to the left of the Red River as well as Chairman of the Executive Committee for Resistance and political leader of the headquarters for this area.

In 1955 he led the 300 day takeover of the city of Hai Phong and was also the Party Secretary for the city and chairman of the military committee administering the city.

In March 1955 he was accepted as an alternate member of the Central Executive Committee. In 1960 at the Third Party Congress he was appointed to be a member of the Central Executive Committee.

From 1956 to 1973 he held the following positions: Deputy Minister and then Minister of Domestic Trade, head of the committee for state prices, head of the committee to inspect the government, Deputy Prime Minister and head of the committee for construction of base areas for the state, and Deputy Prime Minister and Minister of Construction.

At the Fourth Party Congress (1976) he was elected to be an alternate member of the Politburo and continued in the position of Deputy Prime Minister.

At the Fifth Party Congress (1982) he was elected to the Politburo and continued to hold the position of Deputy Chairman of the Council of Ministers.

At the Sixth Party Congress (1986) he was elected to the Politburo and the Secretariat of the Party Central Committee.

In June 1988 the National Assembly elected him to be Chairman of the Council of Ministers.

He was a member of the Second, Fourth, Fifth, Sixth, Seventh, Eighth, and Ninth National Assemblies.

In June 1991 at the Seventh Party Congress he was elected to be the Secretary-General of the Central Executive Committee of the Communist Party of Vietnam.

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